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Regional Oral History Office
The Bancroft Library

University of California
Berkeley, California

The Wine Spectator California Winemen Oral History Series

Legh F. Knowles, Jr.

BEAULIEU VINEYARDS FROM FAMILY TO CORPORATE OWNERSHIP

With an Introduction by
Louis M. Martini

An Interview Conducted by
Lisa Jacobson
in 1989

Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the Nation. Oral history is a modern research technique involving an interviewee and an informed interviewer in spontaneous conversation. The taped record is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The resulting manuscript is typed in final form, indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Legh F. Knowles, Jr., president, Beaulieu Vineyard, addressing Heublien management and sales representatives, 1978.

OBITUARIES

Aug 7, 1997 DF Express

Legh Knowles Wine industry leader

ASSOCIATED PRESS

NAPA — Legh Knowles, a leader in the wine industry and former trumpeter for the Glenn Miller Band, has died after a long illness. He was 78.

Knowles, who died Friday in a convalescent home, was best known in his later years as chairman of Beaulieu Vineyards in Napa Valley and as a spokesman for the wine industry, where his quick wit, resonant voice and lack of pretense made him immediately successful.

But in earlier years, he made his fame as a trumpeter with the Glenn Miller Band. He joined the big-band group in 1939 and made 123 records with them, including the well-known tunes "In The Mood," "Moonlight Serenade" and "Tuxedo Junction."

He also performed with Charlie Spivak, Red Norvo and Mildred Bailey.

He joined the Air Force in 1941. Later, Knowles returned to the United States and became a member of the Wine Advisory Board in Washington, which in those days was a promotional arm for the California wine industry.

"I didn't know anything about wine," he later recalled. "But they wanted someone who could stand up before large crowds and I'd done

a lot of that."

He later joined the Ernest and Julio Gallo empire in Modesto as a salesman. But in 1962, frustrated with Gallo's reluctance to get into the premium wine market, he went to Beaulieu, known for its top-of-the-line cabernets, to be national sales manager.

During his 27 years with Beaulieu Vineyards, where he worked as both president and chairman, Knowles eschewed wine's snob appeal, urging consumers instead to choose wines that appealed to individual tastes rather than those chatted up by so-called wine experts.

He retired nearly a decade ago as Beaulieu chairman.

Knowles is survived by his wife, Margaret; daughter, Barbara Knowles Pinches; in-laws, VyVyan Pinches, Samantha Pinches and Jeremy Pinches of New Rochelle, N.Y.; sister Bernice Scott of Bethel, Conn., and a brother, Robert Knowles of Atlanta.

Legh F. Knowles

A funeral will be held today for Legh F. Knowles, a former trumpet player in the Glenn Miller Band and wine industry executive who transformed wine drinking in California.

Mr. Knowles died Friday in Napa at 78 after a long illness.

He was born in Bethel, Conn. He joined Miller's band in 1939, performing as a name artist on more than 120 recordings, including the immensely popular "In the Mood," "Moonlight Serenade," and "Tuxedo Junction."

His father had been an amateur band musician in England before emigrating to America, and Mr. Knowles was instructed in the

trumpet by a deserted British soldier who hid out in the United States as a bartender. Mr. Knowles had "an instinct for transposition," the demanding practice of playing in one key from sheet music printed in another.

Later, he recalled, "we sometimes played seven shows a day, and we worked 359 nights (in 1939.) I can't remember what we did with the other six."

In addition, he performed with Mildred Bailey, Red Norvo, and Charlie Spivak.

With the entry of the United States into World War II, Mr. Knowles joined the Army Air Forces. After the war, he entered the promotional side of winemaking as a member of the Wine Advi-

sory Board, a Washington-based trade group for California wine.

Later, he became a salesman for Ernest and Julio Gallo, but he was frustrated by Gallo's lack of interest, at that time, in the premium wine market. In 1962 he was hired as sales manager at Beaulieu Vineyard, which had become the standard for fine California wines, producing outstanding cabernets.

Mr. Knowles became president and chairman of Beaulieu before retiring in 1988.

In a historic innovation, Mr. Knowles ended up shifting Beaulieu toward a mass market with no reduction in quality. His television commercials introducing himself and Beaulieu played a major role in the emergence of a high-volume

quality domestic wine market in the United States.

This marked a cultural, as well as commercial, shift in American consumption habits, of far-reaching impact. In 1988, wine critic Frank J. Priol of The New York Times called Mr. Knowles "one of the best wine salesmen of them all."

He is survived by his wife, Margaret, of Napa; his daughter, Barbara Pinches, of New Rochelle, N.Y.; his sister, Bernice Scott, of Bethel, Conn.; and his brother, Robert, of Atlanta.

A service will be held at 2 p.m. today at St. Apollinaris' Church, 3700 Lassen St., Napa.

Stephen Schwartz

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PREFACE

The California wine industry oral history series, a project of the Regional Oral History Office, was initiated in 1969 through the action and with the financing of the Wine Advisory Board, a state marketing order organization which ceased operation in 1975. In 1983 it was reinstituted as The Wine Spectator California Winemen Oral History Series with donations from The Wine Spectator Scholarship Foundation. The selection of those to be interviewed is made by a committee consisting of James D. Hart, director of The Bancroft Library, University of California, Berkeley; John A. De Luca, president of the Wine Institute, the statewide winery organization; Maynard A. Amerine, Emeritus Professor of Viticulture and Enology, University of California, Davis; the current chairman of the board of directors of the Wine Institute; Ruth Teiser, series project director; and Marvin R. Shanken, trustee of The Wine Spectator Scholarship Foundation.

The purpose of the series is to record and preserve information on California grape growing and wine making that has existed only in the memories of wine men. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some commercial wine making did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years (as yet treated analytically in few writings) will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State Library, and in the library of the Wine Institute, which has made its collection of in many cases unique materials readily available for the purpose.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the director of The Bancroft Library.

Ruth Teiser
Project Director
The Wine Spectator California Winemen
Oral History Series

June 1990
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University of California, Berkeley

CALIFORNIA WINE INDUSTRY INTERVIEWS

Interviews Completed by 1990

- Leon D. Adams, Revitalizing the California Wine Industry, 1974
- Leon D. Adams, California Wine Industry Affairs: Recollections and Opinions, 1990
- Maynard A. Amerine, The University of California and the State's Wine Industry, 1971
- Maynard A. Amerine, Wine Bibliographies and Taste Perception Studies, 1988
- Philo Biane, Wine Making in Southern California and Recollections of Fruit Industries, Inc., 1972
- John B. Cella, The Cella Family in the California Wine Industry, 1986
- Charles Crawford, Recollections of a Career with the Gallo Winery and the Development of the California Wine Industry, 1942-1989, 1990
- Burke H. Critchfield, Carl F. Wente, and Andrew G. Frericks, The California Wine Industry During the Depression, 1972
- William V. Cruess, A Half Century of Food and Wine Technology, 1967
- Jack and Jamie Peterman Davies, Rebuilding Schramsberg: The Creation of a California Champagne House, 1990
- William A. Dieppe, Almaden is My Life, 1985
- Alfred Fromm, Marketing California Wine and Brandy, 1984
- Louis Gomberg, Analytical Perspectives on the California Wine Industry, 1935-1990, 1990
- Joseph E. Heitz, Creating a Winery in the Napa Valley, 1986
- Maynard A. Joslyn, A Technologist Views the California Wine Industry, 1974
- Amandus N. Kasimatis, A Career in California Viticulture, 1988
- Morris Katz, Paul Masson Winery Operations and Management, 1944-1988, 1990
- Legh F. Knowles, Jr., Beaulieu Vineyards from Family to Corporate Ownership, 1990
- Horace O. Lanza and Harry Baccigaluppi, California Grape Products and Other Wine Enterprises, 1971
- Louis M. Martini and Louis P. Martini, Wine Making in the Napa Valley, 1973
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- Eleanor McCrea, Stony Hill Vineyards: The Creation of a Napa Valley Estate Winery, 1990
- Otto E. Meyer, California Premium Wines and Brandy, 1973
- Norbert C. Mirassou and Edmund A. Mirassou, The Evolution of a Santa Clara Valley Winery, 1986
- Peter Mondavi, Advances in Technology and Production at Charles Krug Winery, 1946-1988, 1990
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- Michael Moone, Management and Marketing at Beringer Vineyards and Wine World, Inc., 1990
- Myron S. Nightingale, Making Wine in California, 1944-1987, 1988
- Harold P. Olmo, Plant Genetics and New Grape Varieties, 1976
- Cornelius Ough, Researches of an Enologist, University of California, Davis, 1950-1990, 1990
- Antonio Perelli-Minetti, A Life in Wine Making, 1975
- Louis A. Petri, The Petri Family in the Wine Industry, 1971
- Jefferson E. Peyser, The Law and the California Wine Industry, 1974
- Lucius Powers, The Fresno Area and the California Wine Industry, 1974
- Victor Repetto and Sydney J. Block, Perspectives on California Wines, 1976
- Edmund A. Rossi, Italian Swiss Colony and the Wine Industry, 1971
- Edmund A. Rossi, Jr., Italian Swiss Colony, 1949-1989: Recollections of a Third-Generation California Winemaker, 1990
- Arpaxat Setrakian, A. Setrakian, a Leader of the San Joaquin Valley Grape Industry, 1977
- Elie Skofis, California Wine and Brandy Maker, 1988
- Andre Tchelistcheff, Grapes, Wine, and Ecology, 1983
- Brother Timothy, The Christian Brothers as Wine Makers, 1974
- Ernest A. Wente, Wine Making in the Livermore Valley, 1971
- Albert J. Winkler, Viticultural Research at UC Davis (1921-1971), 1973

INTRODUCTION -- Legh F. Knowles, Jr.

Legh Knowles says it all in the first paragraph of the first page of this oral history; he calls himself an "iconoclastic maverick." The rest of the interview certainly supports this.

He describes the influences that his family and his former employer, Glenn Miller, had in molding his future values of pragmatism and tenacity which stood him in such good stead when Beaulieu was taken over by Heublein. His early years as a musician with various bands is most interesting.

The Wine Advisory Board and how its field men went about promoting California wines throughout the nation is described in some detail and is fascinating. Few persons realize how extensive and effective that organization was.

The role of the de Latour family, and especially the extent of Madam de Pins' influence on company policy, was considerable and is well described. The role of André Tchelistcheff in developing the Beaulieu style of wines is covered, and that future winemakers have followed his style is commendable. He also explains how the consolidation of grape varieties and the development of new labels came about. In keeping with national trends, Beaulieu has eliminated its fortified wines and concentrated on fewer varieties of red and white table wines. The reasons behind the sale of Beaulieu to Heublein and the reasons Heublein wanted to buy Beaulieu are interesting and well described.

Legh Knowles has always been known in the industry as an outspoken, no nonsense, pragmatic type of person. Nothing could emphasize this more than his sales and marketing philosophy. It is so basic, it should be required reading for every marketing and sales student. A quality product, class image, conservative pricing, and work, work, work and more work is his formula for success. The tenacity he developed when playing in Glenn Miller's Band permitted him to successfully prevent Heublein from expanding sales and compromising quality. He rightly points out the budgetary problems of family wineries and the communication problems of large corporations. To keep the Beaulieu name before the public, he did his own informational radio commercials, often debunking the antics of the

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INTERVIEW HISTORY -- Legh F. Knowles, Jr.

Legh F. Knowles, Jr., was interviewed in three sessions at his home in Napa to document his 49-year career in the wine industry and his observations on the changing character of winemaking and wine marketing in California. Recently retired as chairman of Beaulieu Vineyard, Mr. Knowles candidly discussed his early years with the Wine Advisory Board, Taylor Wine company, and E. & J. Gallo Winery, and the management challenges he later faced at Beaulieu Vineyard as the company moved from family to corporate ownership. He also talked about his first career as a trumpet player in the Big Band era, revealing the origins of his point-of-difference marketing philosophy.

Familiar to many as the resonant voice behind the Beaulieu Vineyard's radio commercials, Mr. Knowles was honored in 1987 as one of the "Living Legends of the Napa Valley" for his contributions to Napa Valley and the wine industry.

Mr. Knowles very carefully reviewed his manuscript and, with the gracious assistance of his secretary, Thelma Groeneweg, was particularly helpful in providing fully identified photographs for this volume. Included in the appendix is a March 20, 1989, Wine Investor interview with Mr. Knowles conducted by Paul Gillette, publisher and editor, who has given permission for its use here.

Lisa Jacobson
Interviewer-Editor

August 1990
Regional Oral History Office
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University of California at Berkeley

wine snobs and the self-appointed, self-annointed wine critics-- something many of us wish we had the courage to do.

Now retired and free of responsibilities, Legh is enjoying his leisure and finds no urge to be constantly occupied. More power to him. We wish him well.

Louis P. Martini

June 1990
St. Helena, California

INTERVIEW HISTORY -- Legh F. Knowles, Jr.

Legh F. Knowles, Jr., was interviewed in three sessions at his home in Napa to document his 49-year career in the wine industry and his observations on the changing character of winemaking and wine marketing in California. Recently retired as chairman of Beaulieu Vineyard, Mr. Knowles candidly discussed his early years with the Wine Advisory Board, Taylor Wine company, and E. & J. Gallo Winery, and the management challenges he later faced at Beaulieu Vineyard as the company moved from family to corporate ownership. He also talked about his first career as a trumpet player in the Big Band era, revealing the origins of his point-of-difference marketing philosophy.

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Lisa Jacobson
Interviewer-Editor

August 1990
Regional Oral History Office
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University of California at Berkeley

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Legh Francis Knowles, Jr.

Date of birth June 18, 1919 Birthplace Danbury, Connecticut

Father's full name Legh Francis Knowles

Occupation Hat Manufacturer Birthplace Danbury, Connecticut

Mother's full name Margaret Hughes Knowles

Occupation Housewife Birthplace Brewster, New York

Your spouse Margaret Taylor Knowles

Your children Barbara Knowles Pinches

Where did you grow up? Bethel, Connecticut

Present community Napa, California

Education _____

Occupation(s) Musician - Trumpet Player; Chairman, Beaulieu Vineyard

Radio Commercial Announcer

Areas of expertise Music, Wine, Broadcasting, Public Speaking

Other interests or activities Golf, Thoroughbred Racing, Cooking

Organizations in which you are active American Federation of Television and Radio

Artists, American Federation of Musicians, Wine and Food Society,

California Vintners Society, Big Band Academy

I EARLY YEARS AND MUSIC CAREER, 1919-1945

[Interview 1: 21 March 1989]##¹An Iconoclastic Maverick

Knowles: They always say about me, "Give him a question which will take a minute to answer, and he'll be sure to take twenty minutes." [laughs]

Jacobson: That's fine. We want to be detailed here.

Knowles: I'd like to comment, if I may, so that we get this off on the proper accurate format, which I'm sure you want. I've been considered an iconoclastic maverick. I operate entirely on what I call point of difference. I think that it's boring to be "me too" in this world. That's what made Glenn Miller: he said, "I'm going to get this sound, and it's going to be different, but people are going to enjoy it." I say the same thing about wine.

Consequently, right away when I look here [at the outline], the truth of the matter is, I have never had any college education. What you see in here when you see Yale, NYU [New York University], and Juilliard, is the puffery of PR who, because I took some trumpet lessons at Juilliard, or some sales courses at Yale, or went down and bought some resumes at NYU, and seeing the absence of any formal education in my background, inserted these things. I try not to worry

¹This symbol (##) indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes, see page 103.

about that fact at all. I have hired several Ph.D.s in my career, but I just went as far as high school. Then I went on the road.

Would you like to ask me questions, and I can tell you how all that happened. Or would you like me to just go free?

Family Background

Jacobson: Let's try to start at the beginning--when and where you were born.

Knowles: I was born in Danbury, Connecticut in 1919. That's almost seventy years ago. My family came from England to Danbury. They were hatters, and they came from a hat city in England to Danbury, which was becoming the hat center of the United States. My Uncle Bill was a real character, and he made derbys--bowlers, I guess they call them today. He was very good at it. He was very iconoclastic himself. He worked when he wanted to work, and when he didn't want to work he didn't work. The unfortunate part was that he was one of the few people who really could make these derbys the right stiffness.

Trumpet Lessons

Knowles: My father was a hatter also, but he wanted to be a trumpet player. Consequently, when I was about eight or nine (my sister and I can never quite figure that out) my father came home with a horn. It was a good one, and how he ever got it I don't know, because we didn't have a quarter. He said, "I've got a teacher for you." I said, "Great." He said the teacher would be down on Saturday.

The fellow came down, and he was the strangest, shakiest character you ever met. His name was Bill Dalton, and he was a deserter from the British Army. My father had discovered him in a speakeasy. He was a bartender there, and was incognito, obviously. But my father learned that he had been a great trumpeter in the British Army.

So he started to teach me, and I'm really blessed that I had him, because he was unbelievable. By the time I was ten or eleven, I could transpose; I could read at sight. I was trained to be a symphony musician. He was unbelievable. He would put his hand over the music and expect me to play four bars ahead, and after awhile I could do it, which is a pretty good lesson. It shows you what the brain can do when challenged. I just got accustomed to the discipline. He'd say, "Now, that's a B flat. You see, your horn is in B flat, and the piano and violin are in C; if he plays a C and you play a C, you're going to get a discord. So you have to change. They're not going to change; you're going to have to change. So when you see a B flat on the piano music, you play a C; when you see an E flat, you play an F; and so forth." I just learned to do that.

First Nightclub Job

Knowles: The reason I'm making such a deal about that is not to show how smart he was or I was. What happened is that in 1933 Prohibition was repealed, and prior to that all these racket guys who ran speakeasies suddenly became nightclub owners. [laughs] They became legitimate, and they wanted music, but they were not organized to have music. There were no people writing arrangements. There were no Irving Berlins or Cole Porters--I guess there were, but they weren't writing music for speakeasies.

Danbury borders on the New York State line, and there was a place in Brewster, New York. It was going to be a really swinging place, and they wanted to have a little band. They wanted to have a trumpet, but they couldn't get anybody to play because there was no trumpet music. I was twelve, and by that time I lived in Bethel, Connecticut (not important to the story). They brought me over, and the piano player saw me. He was a very fine pianist on the staff of WJZ, one of the leading New York radio stations. He said, "I don't want any kid; his feet don't even touch the ground. It's ridiculous. I mean, here we're going to sell booze. Besides, he doesn't know what he's talking about." He said, "You don't understand, kid, that when I play this note, you've got to play a different one." I said, "I think I do." He said, "Oh, no." [laughs] "Well, all right, here's my music."

So I played it, and he said, "That's something. Isn't that crazy?" So I got a job, and I got in the union very, very early, and that made a big difference. I played just about all the time in high school. It was important, because nobody had any money at all. I was the only one who made any money. I graduated in 1935, and had some kind of profile in Danbury, Connecticut.

Playing the Nightclub Circuit

Knowles: Then my music career expanded a little to Bridgeport and New Haven, which were bigger cities; and the other way to Westchester County where there were now good nightclubs opening; or north to Boston. I got in bigger bands and bigger bands, and bands that traveled a little bit and played one-nighters at that time--between 1935 and 1940. You could play 150 ballrooms in the state of Pennsylvania and not repeat yourself. So there were all these jobs, and I got many of them!

I went from one band to another, and I finally got with a fellow named Ray Keating, who was from Pittston, Pennsylvania. He had a job in a place on the Bronx River Parkway in Tuckahoe, New York. It was a wonderful location, close to New York City. This was a big band with its own arrangements. It was not a great band, but the leader was a good fellow, Ray Keating, and we had fifteen coast-to-coast Mutual Broadcasting shots. That's how musicians or bands became known in those days; people listened to them on the radio late at night across the nation. "We are bringing you the music of Dancin' with Anson," and so forth.

Auditioning for Glenn Miller

Knowles: Well, I guess Glenn heard me on that program, because one night I was playing and a guy came up and asked if I'd ever heard of Glenn Miller. I said, "I think so. Isn't he that trombone player that used to be with Ray Noble?" He said, "Yes, and he's going to have a band. He's here and he wants to talk to you."

I went down, and Glenn said, "I heard you on the program. I think I'd like you to play cornet in my band"--he called a trumpet a cornet. I said, "Well, I don't know." And I could tell immediately that this was no ordinary man. This was one rough, uncompromising dude. This was one real perfectionist. I could see it right then. Because right away he was trying to intimidate me, saying, "Well, you know, I like the way you play in the upper register, but you sound a little thin." Right away, trying to get the domination.

So he asked if I wanted the job, and I said, "Oh, no; no thank you." And I didn't take the job.

Red Norvo's Band

Knowles: I did a little work around New York and finally got in the Big Apple. I played for Billy Rose, if you've ever heard of him. A guy in Red Norvo's band heard me. One night Red Norvo was going to be at Wesleyan University in Middletown, Connecticut, and his trumpet player left. They said they needed a trumpet player who could walk right in and play it, without any rehearsal. Well, because of the Bill Dalton education I could do that. I was just educated to do that--play at sight.

Jacobson: Did he teach you a lot of music theory?

Knowles: No, just playing that horn, and playing it every conceivable way, being a little bit different, establishing that point of difference. Because, he said, "The other guy won't be able to do that, and you will be able to." How true, how true. This story that I just gave you is loaded with that point of difference philosophy I've tried to have in the wine business as well as in the music business.

Anyway, I went with Red, and I was thrilled. It was such a swinging band. Mildred Bailey was Red's wife, and Mildred Bailey had come from Paul Whiteman's band. She was one of the great ladies--that "Old Rocking Chair" lady. I played the job, and they said they wanted me to stay. I used to ride in the car--which was a LaSalle--with Red and Mildred and a dachshund and a maid. I guess the other band members didn't want me to ride with them, because they thought that this kid was going to spoil their action.

I stayed in the band, and we finally wound up in a place called The Famous Door in New York, on 52nd Street. Gee, I just couldn't have been happier, because Tommy's [Tommy Dorsey's] guys came in, and Benny's [Benny Goodman's] and Jimmy's [Jimmy Dorsey's], and Count Basie's. All those great musicians. I thought it was a "real gas."

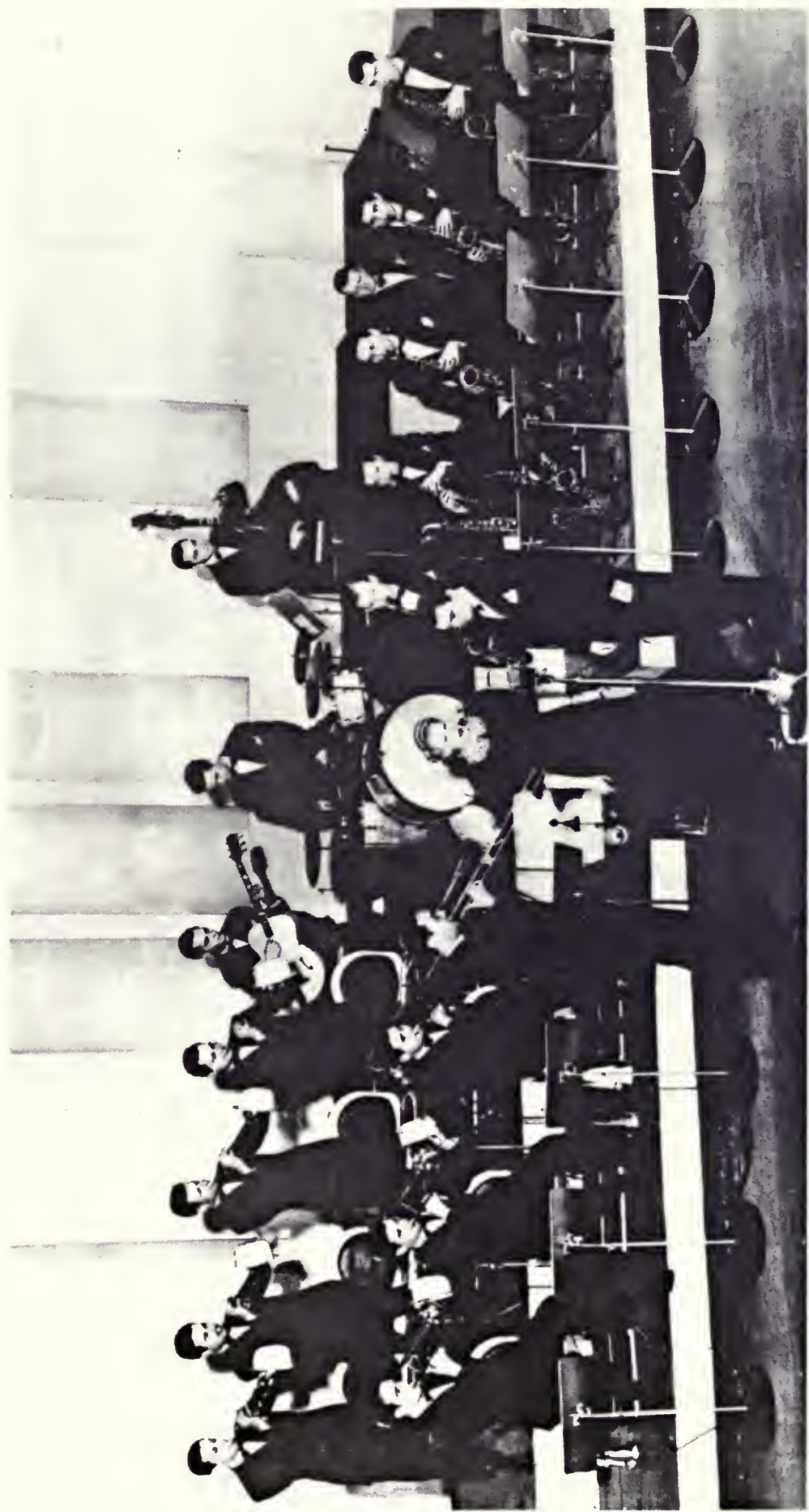
Joining Glenn Miller's Band, 1938-1940

Knowles: One night the manager, who was Mildred's brother, Miles Rinkor, said to me, "You know, Legh, Glenn keeps calling; he wants you to join the band. He's in Boston. I think you ought to go." I was crushed, because I thought I was doing okay here; I thought they liked my playing. I was too proud to ask about it. He said if I was interested that I should go. He said, "It's one of those things again--you'll have to rush up to Boston and go right on the air."

I said okay, and I went up to Boston and joined Glenn Miller's band. The dates get a little cloudy, because all the discographies show me in and out of the band. But I don't ever remember leaving once I got in the band, and that was in 1938, around November or December. Then I found out that that night the Red Norvo band had broken up. So Miles knew what he was doing; he was helping me.

I stayed with Glenn, and I played. Boy, we worked like dogs. In 1939 we worked 359 nights. Try that! You can imagine at the winery, when they say, "Mr. Knowles, do you think we will ever be having three-day weekends?"--I, who had six nights off all year [laughs], can hardly react to that.

I played, and I played hard, with a lot of guys. I was exhausted. I really thought I was going to die. I weighed 117 pounds. (I'd like to be able to weigh that now!) In June, 1940, I went home to Bethel, Connecticut, and Danbury, and didn't know what the hell to do.



Legh Knowles, top row, trumpet section, first from left, playing with Glenn Miller Orchestra on Chesterfield Show, New York, 1940.

Life on the Road

Jacobson: What was it like being on the road with the Glenn Miller band? You were traveling everywhere, weren't you, across the country?

Knowles: The truth of the matter is that we weren't traveling everywhere. There was always that big geographical break, the Rocky Mountains. You never got over that, because to make it pay you had to play one-nighters, or you could play theaters. But one thing you didn't do was ride around in airplanes, because in 1940 there were no airplanes that would take you. You had to get the library and all the guys and all the instruments to the next place.

At one point we worked so hard. We had two Pullman cars, and that sounds good. But imagine playing Hershey, Pennsylvania, for example--which was one of the great ballrooms in the whole United States--and finishing at one in the morning, and now your next job is in Sheboygan, Wisconsin. Do you think there's a train that's going to come and stop at Hershey at two in the morning which is routed to Sheboygan? No, there isn't.

Those kinds of things were impossible to do unless you were working New York-Chicago-New York-Chicago. Because the general idea was to give us sleep so we could play. We rode on buses, and I want to tell you--right now I'm putting together an act about how hard that is on the buses, and how hard it was for the girl singers. I mean, God love Marian Hutton and those people who put up with these nineteen musicians yelling and swearing. She couldn't have been greater. And she had to dazzle them when she got on the bandstand. She'd be beautiful, and how the hell she ever did that, I don't know, because we'd be shot from no sleep. That was a hard job, and it took a lot out of everyone. It took an awful lot out of me because I was pretty young, although there were other young guys who stayed. But there was a pretty good turnover.

Charlie Spivak's Band, 1941-1942

Knowles: I left and went home. I didn't know what to do, to tell you the truth. I started to teach, and then I got a band. I had that band in a place called the Seven Gables Inn in Milford,

Connecticut. It was a pretty good band. We had followed a fellow named Frankie Carle in there. Frankie Carle is well known for having written "Sunrise Serenade." He had a wonderful daughter, Marjorie, a singer.

Jacobson: What kind of band did you form?

Knowles: A regular band, you know, of fifteen--pretty big. Actually, what happened was that there was another fellow who had the band, and he asked me to rehearse it for him, and I did. I had no ambition to have a band. When we got this job, it turned out this fellow didn't know what to do; he didn't know the first thing to do. I thought he was learning, but he didn't. He just was a guy who wanted to stand in front of the band. But he couldn't even beat off the tempo, and he decided the band should be mine.

I was at the Seven Gables Inn, and one night a guy came up to me and said, "My name is Spivak. I'm Charlie's brother." "Oh, yeah," I said, "I know you." He said he was from New Haven (Charlie was from New Haven), and he asked, "What in the world are you doing here?" I told him I had the band, and he said, "Ridiculous. Come on, Charlie really could use you. Why don't you go down and see him at Glen Island Casino?" I said, "Look, I've had that; I'm through with that."

He said, "Look, go down and see Charlie." I went down to see Charlie, but I brought a trumpet player with me whom I had in the band. I figured it would be a good break for him. Anyway, when it was all through, I was so knocked out to hear Charlie play--it sounded so much better than my sound--that I took the job and went back on the road. That would be, I guess, in the middle of 1941.

Army Air Force, 1942-1945

Knowles: So I went with Charlie, and I stayed. The last job I played was in 1942, and I had gotten my greetings from the draft board. At that time it was not hard to get into music; a lot of people did. I got to Keesler Field, Mississippi, in the Air Force. The classification officer said to me, "Who do you think you are?" I said, "Private Legh Knowles," sick to my stomach from getting up at four in the morning, after going to bed at four in the morning for all these years. He said,



Legh Knowles on trumpet, center of photo, playing with the Charlie Spivak Orchestra at the Strand Theater, New

"We're fighting a war, not giving a concert; you'll go where we tell you to go."

At that point there was great need--just as there is today--for communications people to protect the safety of the aircraft in flight. They wanted communications people, and they found that musicians had terrific aptitude for code, for example, simply because we were so conscious about the way things sounded, the length of their beats, and all that.

The Air Force had a [communications] quota, and the classification officer was mad at me because Charlie had gotten the lawyer for Artie Shaw, who was in the Navy, to write and get me transferred. There was a transfer in for the Coast Artillery Band, and there was one in for the United States Air Force Band in Washington. Anyway, the officer figured I was pulling strings, and he had this problem. So he said, "You'll go where we tell you to go." That was it, and sure enough, we went to Sioux Falls, South Dakota. The course was sixteen weeks, and all the musicians that he had there had that code down in six weeks. Just nothing to it.

He did another thing which was very strange and coincidental. There was such a dire need for communications that they had three shifts to teach people, and we had the midnight to six or eight. All of the people were like this [demonstrates falling asleep] except us. It was the only time we felt good since we had been in the service! [laughs] Really, it was unbelievable.

I stayed in the Army Airways Communication Squadron, and I played a little bit. What it did for me, Lisa, was that it taught me that I could do something other than music. I guess the answer is that it was never my idea to be a trumpet player. I probably liked being a trumpet player, and would just love it to this day, but it was not my idea.

Jacobson: Do you still play?

Knowles: Oh, no. When I came out of the service I got a small band job, right close to the same job that I had when I was twelve. I went over there and I played. I had a friend who was in Glenn Miller's band with me; his name is Al Klink. (He's been working with Frank Sinatra the last ten or twelve years.) He said to me, "Legh, I thought you were going to put the horn down." I said, "I am, Al." He said, "Well, you better put it down tonight because you're playing better than you've ever

played." And I was playing better. I was bigger, I was a little stronger, a little more relaxed. I was playing pretty good. I took the horn and put it in the case, and I never played it again. That was hard, but I did it.

II CAREER BEGINNINGS IN SALES AND THE WINE INDUSTRY, 1946-1962

Metro-Goldwyn Mayer

Knowles: I started getting jobs--terrible jobs, like running an appliance store. I finally got a job selling MGM records.

Jacobson: How did you get that job?

Knowles: Because I was in the appliance store and a guy came in and said, "Aren't you that trumpet player?" I said yes, and he said, "What in the world are you doing in this appliance store?" I said I had to work--thirty-five dollars a week. I wasn't married, but I had to have some kind of money. He said, "I have a company in New Haven, and we sell MGM records. Would you go to work for me?" I said, "Gee, that sounds great." It wasn't much money, but a big, big expense account, because I was supposed to talk to disc jockeys and the like.

So I went, and I worked Massachusetts, Vermont, and half of Connecticut. I did fine. I had a lot of fun. Of course, I had this racket, which was that when I would get into a radio station they would play "In the Mood," for example. The disc jockey would say, "What did you say your name was?" I said, "Legh Knowles." He says, "That says 'Legh Knowles' on this record 'In the Mood'." I said, "That's right." Well, that gave me the credentials to talk about the product we were plugging. It worked well. The only trouble was that I spent all the money, every quarter, on expenses instead of spending it on myself. That was bad.

So I left MGM and went to Washington, D. C., and I struggled down there. I really had a little money, but I went

through it all. I was trying to be what was known in those days as a 5 percenter. You represented a product and you got the specifications written into a bidding situation. Your product would have certain specifications, and you'd try to get the government to bid for your specifications so you'd get the order. Well, I made something like sixty-five dollars in six months. So I had to go to work.

Joining the Wine Advisory Board

Knowles: I answered an ad one day that said, "Wanted: individual who is accustomed to appearing before large groups of people." They asked me if I had appeared before large groups of people, and I said yes. They asked how many, and I said, "Thirty thousand." They said, "We're serious." I said, "So am I. I played before thirty thousand people at Duke University in Durham, North Carolina, for the Glenn Miller Chesterfield show.

"Oh," they said, "terrific. Well, wine is in disrepute, and we are the wine industry. We are an arm of the Department of Agriculture, state of California. You might have heard of Wine Institute; well, we're Wine Advisory Board, because that's the arm that's doing this promotion. We think you could do this job. You don't have to know anything about wine, but you have to promote wine, principally as a moderate mealtime beverage, as a companion to food."

I think Bob Mondavi today has a mission to tell people that, and that's what we were doing forty years ago. We never should have stopped. We talked and talked, and held tastings. I worked sixteen hours a day; I actually did, trying to get two years experience in one. I just never would stop talking about it. I worked hard, and I got a lot of breaks. I was transferred to Boston, where I was put in charge of a very sensitive situation involving trade barriers. I very luckily accomplished in seven months what was supposed to take seven years. They made me eastern division manager, and then I covered the whole eastern United States.

Improving Wine's Reputation

Knowles: All this time we were trying to create spheres of influence. I went to this particular state, and I was in the Attorney General's office. I was trying to get the okay for recipe folders. We were promoting wine and meat, wine and cheese, wine and fish, wine and soda. The consumers were supposed to read these to give them ideas for entertaining--very nice. This state was what we called a monopoly state, a controlled state--there were seventeen of them in the U. S. He said, "Look, what are you trying to do, Mr. Knowles?" I said I was trying to promote wine as a moderate mealtime beverage, as a companion to food. He said, "Well, in this state wine is for (he didn't say "bums," but you know what he said)." I said, "Wine is for the king and queen of England, the president of the United States, and bums." That indicates the way wine was perceived in the late 1940s.

We showed films and we held tastings. People would say, "Wine is sour." We worked very hard to get people to drink wine and soda. You know what we had to do? We had to use soda like 7-Up, which would have a little sweet finish to it, because otherwise they would say it was sour and spit it out.

Persuading Cornell University to Add Wine to the Hotel Training Curriculum

Knowles: All during this time you made contacts, and I made a good contact because I was fooling with Cornell University. Cornell had a great hotel training school, and still does, a big one. The guys from Taylor, who were New York State people, said, "Legh, would you go up with us to Cornell and try to get them to include wine as part of the curriculum? Sell hard." I said I would, and we went up. I did sell hard.

Professor Meek was the dean, and I told him I thought it was timely that he would do this. He said, "Mr. Knowles, it's very interesting, but it's much too complicated." I said, "Really? Wine? You don't have to roast it, you don't have to toast it, you don't have to grill it or marinate it. All you have to do is pull the cork." "No," he said, "you've got to store it and you've got to chill it." I said, "Yes, that's very

hard, like you do lettuce, fish, meats, Coca-Cola, beer." He said, "You're on the program."

And with much help from Julius Wile of the prestigious New York importing firm, we did get on that program.

Jacobson: This was while you were working for the Wine Advisory Board?

Knowles: Yes, as the eastern manager. I had thirteen or fourteen people from Maine to Florida working as I did, you know, all talking about wine.

Learning about Wine

Jacobson: Let me take you back just a little bit. How did you learn about wine?

Knowles: Well, I drank it as a trumpet player. I drank it because it tasted good. That's the reason a lot of people drink it today, too. They won't tell you that; they'll give you all the "prismatic luminescence" jazz. But the point is that it tastes good, it makes good food taste better, you have this euphoric situation. We used to say it gives us a glow.

No, I learned about wine the way I think everybody should learn about wine. You learn about wine by taking a bottle, putting the wine in a glass, and swallowing it. If it tastes good, it's good wine. I drank it, yes. And I didn't learn just by osmosis; I mean, you can see by all the books that I have, I just have learned one way or another about the wine business. And I've had some good jobs to learn.

I'll tell you this: I used to drink more Cabernet Sauvignon, I bet you, than anybody in the United States in those days from 1948 to 1953, simply because I worked for all the California wine people. I was forever trying to help them: "Go over to see Charlie Jones at the Neptune Room. I really think if you go there, and you get him to put table tents on and sell Burgundy and Sauterne for fifty-four cents a glass, you'll do well." They'd say, "Gee, I got the order. Thanks, Legh. Is there anything I can do for you?" We had to be very careful about that; we never favored anyone. They'd ask, "Can't we send you some wine?" I'd say, "Sure, send me some Cabernet," because I like Cabernet. Well, I've drunk more different Cabernets than

anyone in the United States, because they weren't in the position that I was in.

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Knowles: So you just learn that way. The Wine Advisory Board was a terrific exposure, because you didn't have any one-way street. If you were working at it--and I really worked at it--you'd talk to a guy who had one conception, and another would have another feeling, and so on. I actually got them to drink wine. The winery representatives mostly drank whiskey and beer and everything but wine.

Wine Snobbery

Knowles: We all became real wine nuts, but always from the standpoint that you had to sell it, not that you had to be snooty. I think we have absolutely ruined the business by being too cute, by being too snobbish, by putting people down, by making it the beverage of the few. Like up here in Napa Valley, they don't put back labels on because that's considered gauche. They think, the people who drink our wine don't have to be told what it goes with. Well, what about the poor slob who wants to learn about wine, and he wants to know what goes with chicken? Come on.

Wine Institute's Wine Study Course

Jacobson: Did the Wine Advisory Board do any systematic wine education among its own sales people, or was it informal?

Knowles: It was informal. We had a great man, named Leon Adams, who was the head of Wine Institute. At the head of Wine Advisory Board was Edmund A. Rossi. Mr. Adams was the architect; he was Wine Institute.

Wine Institute is a voluntary trade association, and Wine Advisory Board was a compulsory trade association, simply because in the state of California you had an agricultural situation where if 65 percent of the people in the industry

agreed, either by number or volume, then everyone would have to participate. That's what happened.

So everybody was assessed so much a gallon for a promotional program. Part of that money went to Wine Institute, which did publicity and which wrote the wine study course, for example. That wine study course became a very good thing. Leon wrote it; it was a series of question and answer booklets. You'd get a booklet, and then you'd answer the questions; then you'd get the next booklet, and so forth. Then we were strictly educating ourselves by working at it.

I had a wonderful boss, a fellow by the name of Fred Schroeder, the first man to give me a break--to hire me at Wine Advisory Board. I got him with Taylor later, and he became the national sales manager for Christian Brothers. Another boss was Carl Rupe, a former newspaper man who headed the field staff. We had a lot of great people. But then I spun off in 1953 to make my fortune, because they didn't pay us much money.

Recollections of Edmund A. Rossi

Jacobson: What was it like to work for Ed Rossi? What was he like as a manager?

Knowles: Mr. Rossi was a very successful wine man. He was a very conservative gentleman, as it happened. I didn't really have that much contact with him; he was layers above me. My boss was Fred Schroeder. Mr. Rossi was two layers above me. Although, when I was hired he came to Washington and talked to me. He was a wonderful gentleman and knew what he was talking about. He was real tough with a buck. He was a good guy, though.

Achievements of the Wine Advisory Board

Jacobson: How successful do you think the Wine Advisory Board was in achieving some of its goals?

Knowles: Oh, I think it was extremely successful. How about what we did for Cornell University? I can remember doing a sales meeting with Kraft at seven in the morning. Now, obviously we weren't

going to drink wine and eat cheese at seven in the morning, but ultimately we would have them at tastings. I think that opened the door a little bit. Also, we were doing research at Yale Alcohol Plan clinic to place alcohol in wine in its natural and factual position.

All that was going on, and they were trying hard to establish wine. You know, wine is mentioned in the Bible 165 times; it contains the thirteen minerals to maintain life; it's nature's own tranquilizer. We were working at that, and also we were trying to make people proud of it a little bit, instead of thinking of it as "the booze." We were working with restaurants. I think it was very successful. I think we never should have stopped. I never have been happier in the wine business than then, but I could tell that there weren't enough people who were really sincere about it. Most of them thought it was a gimmick, a gag, a good way to go. I think a lot of them didn't work as hard as they should have.

I remember one time in New York when Ernest Gallo had called a meeting. He wanted to see who these field representatives were and what they said. He made every one of us get up and give a little pitch. So Ernest was interested, you see, but the reason he did that was prompted by this attitude, maybe, that these representatives were jokers.

There were some marvelous people in that field staff, and marvelous people in the Wine Institute, too--good writers, good lobbyists. Very important. The state couldn't do that work--you can't lobby, for example, if you want to get wine in grocery stores. It takes somebody else, and Wine Institute did that, with money funded by the state of California through the Wine Advisory Board. I think Wine Advisory Board was very effective, and I think the management was the reason for it. I think the time was right, and somebody was pushing everybody.

More on Wine Snobbery

Knowles: Today wine has become a different thing, as far as I'm concerned. People go out and they want to be experts. They're savants. They talk about wine from the standpoint of genius. They show off instead of trying to make anybody comfortable or able to enjoy it.

There are all kinds of people in the business who show off. Winemakers make speeches about the pH, diacetyl, et al., which is very good; but that doesn't tell the consumer anything. The consumer doesn't want to hear about sulfites, residual sugar, and that stuff. You can give them an answer, but the greatest thing you can tell them is, "Hey, you put it in your mouth. If it tastes good, it's a good wine; if it tastes great, it's a great wine; if it tastes terrible, it's a terrible wine. Sometimes the consumer has had that experience; he has been places where they said, "Isn't this an exquisite wine? I think the nose is really closed in," and so forth. But when some poor guy who hasn't been in that elite group is asked what he thinks, he doesn't know what to do. He's speechless.

Or the person who wants to have a dinner party, but doesn't want to have to make a speech about the wine, so he's afraid to have the damn dinner party! These savants cause that. They're sales prevention activists.

Wine Advisory Board's Shortcomings

Jacobson: What happened with the Wine Advisory Board, where it stopped pushing for wine education?

Knowles: I think it got to be very costly to people. I think that Wine Advisory Board's budget became too large for a lot of people to stomach. When there was a chance to discontinue it, they discontinued it.

Also, I really believe that you have to excite people; you have to sell people; you have to give them a reason to buy. In a recent article I said, cornball as it sounds, I think the industry has to get back to the basics.¹ If you don't mind my saying so, I think you have to make friends with the consumer. You don't make friends with the consumer by having a wine which is fifty dollars; you make friends with yourself.

I think it's wonderful, the progress that's been made, but there are not enough people, in my judgment, who really

¹An interview with Legh Knowles appeared in the March 20, 1989, issue of The Wine Investor, Volume XIII, Number 6.

drink wine. They really don't. The other day I was at a fine restaurant up here, and I went over to the bar for a glass of wine. I said I would have a glass of Beaulieu, and they said, "Mr. Knowles, we don't serve Beaulieu at the bar any more." I could tell I had retired; nobody was there pushing them. I said, "Well, that Beringer is nice; give me the Beringer." They charged me \$5.50. I said, "\$5.50? How much is Smirnoff vodka?" He said \$4.50. "How much is Absolut vodka?" He said \$4.50. Now, that just shows you how they can kill the goose that laid the golden egg. Don't you think so, Lisa?

The reason you got a glass of wine in the first place is because you couldn't afford a bottle, or you didn't want to drink a bottle. Most people can't afford it. And they say, "Oh, I can't drink that because it makes me sleepy."

I think Wine Advisory Board got off the path, too. I don't know what they were doing at the end, but somehow they wound up having bodies representing them. Wine companies do that, too. I watch companies. They say, "We've got sixty people in the field." And the sixty people in the field get up every day and go to lunch in some joint, they say hi to the owner and have a big lunch. I like that; I think that's great. But I make seven or eight calls before I get there, and hopefully, if I can still talk, I'll make a few after.

That's what it was. The Wine Advisory Board, I think, just got a little too comfortable, you know what I mean? A little too smug. I have said that on many occasions, on many TV talk shows. I think they got a little too satisfied. They liked the idea of saving the dough, so they cut out the program.

Taylor Wine Company

Knowles: While I was trying to get wine into Cornell's hotel course, Taylor offered me a job. They said, "You don't want to stick in this; one day Wine Advisory Board will get political and they will just throw all you people out." (Which is exactly what happened.) So I went to work with Taylor in New York at the Empire State Building. That was in 1953. Several years later Wine Advisory Board eliminated the field staff.

Taylor was great to me. My boss was quite a guy, named Russell Douglas, but he thought that he should have part of the

ownership and a lot of things like that. He saw a problem in nepotism. Ultimately, I went with Gallo.

Jacobson: What were you doing for Taylor?

Knowles: I was doing everything that Russell Douglas wasn't doing as the national sales manager. I was kind of the assistant national sales manager. I did a lot of things, because he was smart--just one of the smartest of all. I learned a lot of things at Taylor. Russ taught me a lot. He sent me to Connecticut to be the manager so that when I came back into the main office the guys couldn't say, "Well, he never did that." He really took care of me.

Selling Wine to Restaurants

Jacobson: I'm interested in learning more about what some of the early sales challenges were when you visited stores or restaurants.

Knowles: As a brand, or as Wine Advisory Board?

Jacobson: Both.

Knowles: We tried to get wines in prominent positions, to get them to make wine visible. In restaurants, to price it right; not to mark it up six or seven times. We had a story we used to tell. We would walk in and they would say, "Can we help you?" We'd say, "Yes, do you have the wine list?" They'd run back and say, "Where's the wine list? Where's the wine list? We got one of those troublemakers--some guy wants the wine list." We'd order the wine, and they'd say, "Where's the key? Does anybody have the opener? Where's the opener?" Then you got the glasses, just teeny glasses--more like eye-droppers.

Taylor wine, for example, was considered very gauche because it tasted like grape juice. Hell, I'd put it in a lot of great places, strictly because people would say, "That's not wine." I said, "You know, you have about forty patrons in this restaurant who are zillionaires, who drink this all the time. It doesn't make any difference, Mr. Restaurateur, whether you like it or whether I like it; your customers like it and drink it."

Quite a few guys like me did that, and we got it going. With Gallo, you just merely had it in the icebox, on the meat counter, all over the store, and that's it. With Beaulieu, I really had good rapport at the White House. I lucked into it, but I did. I knew what was going on there when they were serving dinner.

People who know their jobs, like the Mondavis--Bob Mondavi's a dynamic, terrific guy. And the Louis Martinis--there are so many great people in the business. (They're just not all great.) They knew how to sell. They knew to make wine visible. They knew to tell people what it was, to tell them why they wanted it, and to price it right. It all got jazzed up. We didn't at Beaulieu, because we kept that price really, in the last twenty-seven years, pretty affordable. A lot of people drank it.

You asked what we were trying to do. We were trying to get wine prominently displayed and priced properly and served properly.

Educating Waiters About Wine

Jacobson: Would you educate the waiters?

Knowles: Oh, very much. Well, originally that was our job with Wine Advisory Board. We had a film called Daily Double: "Good food and good wine. It's more profitable for all concerned. It's just as easy to pour wine as water, and much more profitable for all concerned." Things like that we did. With Taylor we had the "check booster" plan. Let's say a customer got a check for twenty bucks. You get 15 percent; you just got a three-dollar tip. If you sell him a five-dollar bottle of wine, you just made seventy-five cents more. It was that simple. Oh, yes.

Then we taught them to do all these things. We tried to get them to promote properly. People would say, "I don't sell any wine here," and I'd say, "Do you sell any chicken?" They'd say "Yeah," and I'd say, "Well, take it off the menu and see how much you serve. You won't serve any chicken, either. Because you don't have any wine list, you don't present the wine list." They say, "What should we do?" I said, "Put three or four wines on the menu and see what happens. And price them right."

Now, naturally, if you're selling Taylor or Beaulieu, that's what you put on the menu. If you're selling Wine Advisory Board, then you try to let them pick whoever they want. That's where you had to be careful. You couldn't favor anyone. I never favored a soul.

Wine by the Glass vs. Wine by the Bottle

Jacobson: Did you promote selling wine by the glass or by the bottle?

Knowles: Mostly by the bottle. I think they're really making a mistake by not selling the "bottles for two" any more. Many vintners say, "Oh, that's for the volume guys." Baloney! You take a couple going out for dinner: if they're going to drink just one wine, they don't want to drink that much. Or how about if they want to have a white wine with the first course and a red wine with the second course? I mean, really! Or how about if they want to have four different wines?

We all have our own concepts, our own perspective, but that's the way I always saw it. I thought that the 13 oz. bottles were wonderful. I was never big on the glass. At one point everybody said, "Aren't we going great?" I said why? "Look at all the white wines--don't you see a lot of white wine?" I said I didn't see anything. I saw people who, as a badge of sophistication, say, "I'll have a glass of white." They say, "Isn't that good?" I say, "Hell, no, that's not good. Would it be good if they walked in and asked for a plate of white meat? Or 'Give me a plate of red meat'?" There's no identification to that. That's ridiculous.

Then they started asking too much money for a glass of wine. They chicken out with the restaurateur. They say, "Look, you make plenty of dough, man. If something costs you a buck or a buck and a half, get five-fifty for it.

On the other hand, I think glasses can be productive. You see, originally the sale of wine in glasses was supposed to be a mass sampling opportunity.

Jacobson: Was that something that the Wine Advisory Board encouraged?

Knowles: The Wine Advisory Board encouraged it, but that got really bent all out of whack. I've heard wonderful people in our company

get up and say, "The name of the game is the on-premise business." I'd get up and I'd say, "Au contraire. The name of the game is the on-premise business and the off-premise business." [laughs] So that's it.

The mass sampling opportunity was definitely there, because there were occasions when people would never, in their God's life, have any wine, but would have it because it was Aunt Suzy's birthday or an anniversary. They'd have a bottle of wine, and it cost them five or ten bucks in those days, where today it would cost them from twenty to fifty. Now they go to a store and they see that bottle for fifteen or twenty, and they'll bring it home. We had people who actually would sell all their wine in restaurants, and they'd not sell any in the stores. That's not salesmanship, Lisa.

Wine Advertising

Knowles: With Taylor, we really tried to get people to serve the wine properly. That's why we had the Taylor "check booster" plan and so forth. Also, Greyton Taylor, one of the brothers, was a real advocate of advertising. I remember one time I saw we had a full page ad, and I was just so thrilled. I said, "Great, that's wonderful." He said, "You know when that will be wonderful? In ten years. We'll have to run it for ten years before we get anybody to move." And how right he was.

Jacobson: What was the advertising pitch?

Knowles: "It's a Taylor wine, and you'll love it." Or, "Give the gift that says you're someone special."

I had this retailer in Washington, D. C., and I told him he didn't sell enough champagne. He asked why, and I said it was because people didn't know he had it. He asked what he should do, and I told him to put it on the floor where the people could see it, and give it a good price.

So he took a wine called Cook's. Today Cook's is a hot number. Do you know who owned Cook's? Joachim von Ribbentrop.

By this time Cook's was sold to Schenley.¹ So this retailer put it on the floor, and he said to me, "You're a great guy. If I listen to you, I'd go broke. I didn't sell any champagne." I asked to see the display, and he had "Champagne Special--\$3.68." I said, "That's not the idea. You have to give them a reason to buy it." He asked what was a reason to buy it, and I said, "Entertain lavishly but economically. This champagne only \$3.68." I went across the street to J. Walter Thompson--our agency at Wine Advisory Board--and I said I wanted to have this sign made up. They made the sign up, I put it on display, and he sold eight cases in the next week.

All those things were done by Wine Advisory Board and brand people who knew what they were doing. Taylor advertised, and I thought it was great how hard they tried. Taylor also did something else: they paid their guys a lot of money, something that I've always believed in. If I owned Beaulieu today, I would have half as many salesmen, and the guys would make \$100,000 to \$150,000 a year. I would pay them commission, and I would make them pay their own expenses. I could guarantee that when they spent that bread, they would get something back for it.

Jacobson: Were there many wineries doing advertising?

Knowles: No. That was the point I was getting to. There weren't many. Originally there were ones like Lou Petri: [singing] "Pet- Pet- Petri wines." Or Cresta Blanca had Orson Welles and those guys: "C-r-e-s-t-a [voice rises] B-l-a-n-c-a [voice falls]--[singing] Cresta Blanca, Cresta Blanca, bop, pabom, papapabibink." You know, those kinds of things. No TV--the first guy with TV was Ernest, and he really came on with it. We had marvelous people.

¹The American Wine Company, which made Cook's Champagne, was seized by the U. S. government when it was discovered that its secret owner was Hitler's foreign minister, von Ribbentrop. The winery was sold several times, and eventually bought by Schenley in 1946.

E. & J. Gallo Winery

Knowles: I left Taylor because of the politics, and went with Gallo. I started in Cincinnati. Ernest told me they take markets one at a time--"You go to Cincinnati; you be the distributor sales manager." He said to the distributor, "You don't know how to sell wine? I'll bring our sales manager in. You can hire him." He brings me in there, and the distributor says, "I usually hire all the people." Ernest says, "Fine. Hire this man."

Ernest was in there saying, "I'll give you saturation advertising." They're saying, "Yeah? What's saturation advertising?" He says, "Well, I'll put the TV spot on here about fifty times a week. Is that good enough for you in Cincinnati?" "Cincinnati, here it is." But he would come in and look at the market, and if we didn't have the distribution, he'd yank all the advertising.

So, you see, Gallo did marvelously. We had Doyle, Dane Bernbach, who also had at that time Volkswagen and Avis, two very hot products. Our campaign at Gallo was, "We put sunglasses on the wine." We had the Flavor Guard glass, which protected the wine. Then we had the wine with the "ring-a-ding" flavor--that was Ripple. Because we couldn't say that it had bubbles in it. I was lucky enough to be part of all that advertising.

Gallo Sales Manual

Knowles: I was also lucky enough to write the first sales manual of Gallo. What the hell could I write, you know? But I could write the draft, and then they had a smart, educated, academic guy who could put it down right.

Jacobson: What were the principal sales concepts that you put into that manual?

Knowles: If you can't see it, you can't buy it! That's all. What it was with Gallo was that we really believed that you had to have position and spread. Ernest called it total merchandising. One time he asked thirty of us to define what we thought total merchandising was, and we all did it differently. Finally, there was one man from Ventura, California--his name was

Conners--and he got up and said, "Ernest, I think what you mean is" (and this was supposed to be sarcastic) "if we have a great big supermarket, you open the door of that supermarket and you don't see any produce, you don't see any canned goods, you don't see any meat; all you see is Gallo wine." Ernest says, "That's total merchandising!"

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Knowles: Gallo did a lot of innovative things at the point of decision, as I call it. They really had you see the wine; you could see it. One of the things we did, when we really wanted to specialize with a certain wine, was to put Reynolds Wrap in back of it, on the back part of the shelf. A person would walk in, and would see this great big bunch of bottles of wine with a background of Reynolds Wrap. You couldn't help but be attracted to it.

We used to get very technical. For example, we'd put the larger bottle to the right of the smaller bottle, because most people are right-handed and they would grab to the right, so they would grab the bigger bottle. The idea was to have some kind of discipline, and have the people have an objective, and to have to really get their hands onto the wine.

Gallo was marvelous. Marvelously simple, too. Ernest Gallo is a genius. I was very proud to be there, and I worked very hard. The timing wasn't right for me--that was to go into the premium wine business--because there were some difficulties with the Federal Trade Commission. Everybody had them, not just Gallo, and you couldn't expand as much as you wanted to. Ernest felt that we really would have had to buy a company. He wanted to start fast, and we would have had to buy a company in the premium business to start it up. You see, he still doesn't have an outside brand. He has Gallo at higher prices as a premium wine, doing well.

III BEAULIEU VINEYARDS, 1962-1969

Joining Beaulieu Vineyard

Knowles: The timing wasn't right for me to be there at Gallo, and Ernest has said that a lot of times. My wife was very sick, and we thought we'd better get out of Modesto. I was going to go back East to work for Zenith in New Haven, or Widmer in upstate New York, and somebody said that Beaulieu was a place I ought to try. I said, "Oh, I'd be standing in line to go with Beaulieu; I could never get a job there." This person said to call "her" [Hélène de Pins] and see what happens, so I wrote her a letter and told her I really admired, from the first day I was in the business, this marvelous, terrific wine and all that it stood for, and their operation; and that I really thought I could contribute.

She called a board of directors meeting, and a little later they hired me. She was really nice to me. I said, "Madame de Pins, if you don't trust me, I'll be out of here in thirty seconds, no rancor. All I want to do is help you."

Changes in Public Tastes in Wine

Jacobson: I want to return to this, but I'd like to ask you about public tastes in wine when you first were selling.

Knowles: When I first started, the largest selling wine in the country was probably white port--it might have been Angelica.

There was a real strange thing that seems kind of interesting to me. The principal wines were dessert wines--sherry and port, and things like that; 18 percent wines, we could call them, or 20 percent, as I guess they were then. In Maine, of that dessert wine business, 67 percent would be port and 33 percent would be sherry. As you got to Connecticut, 60 percent would be port and 40 percent would be sherry. When you got to Washington, D. C., 50 percent would be port and 50 percent would be sherry. When you got to Atlanta, 40 percent would be port and 60 percent would be sherry. In other words, as the country's temperature became warmer, up went the percentage of sherry, and down went the percentage of port.

Then there was an additional thing. In those days the largest selling table wine was claret, which today, of course, could be called Cabernet if it were made from Cabernet; it could be called Zinfandel if it were made from Zinfandel. But in those days it was claret. There were burgundies, sauternes, and Rhines.

Herb Caen is a friend of mine, and he always says, "That Legh is a character. He says there are only two kinds of wine--good and bad, and white and red." [laughter] Not really, but there were these very few wines. When I came to Beaulieu--this is interesting--the number one selling wine in New York was burgundy, and the number one selling wine of Beaulieu's in Cleveland was dry Sémillon, or dry sauterne. The number one selling wine in Chicago was port. The number one selling wine in Milwaukee was Johannisberg Riesling. The number one selling wine in Las Vegas was what? Rosé. The number one selling wine in Los Angeles was chablis, and the number one selling wine in San Francisco was what? Cabernet.

That's after it got going a little bit--you had to have a little of everything. You can see that people find their thing. Look at this white wine syndrome that came on. You know what that is? That's a cold wine syndrome; that's not a white wine syndrome. I often was very bugged, because we had a product--a new product for us--Gamay Beaujolais at Beaulieu. I got a friend to write the back label, and he put on there to serve it at 55 degrees. When the Smirnoff people saw that, they said, "Boy, that Legh can really complicate it. Now he wants us to carry around thermometers." Well, I wanted people to realize that this wine should be served a little cold. I want to tell you, if we had ever gotten that right, we would have really sold the hell out of that wine. (I can't stop saying "we." I've got to learn to do that.)



Georges de Latour, founder of Beaulieu Vineyard.

Those differences are there, and there were always these cycles and fads. Georges de Latour told Madame de Pins that he saw the red/white wine cycle change five times in his lifetime. That's pretty great, isn't it, when you think about it? I don't drink anything but red wine. One time they used to say up here that Napa was the red wine country, and down at Livermore was the white wine country. That's because the Wantes and the Concannons and people like that were Irish or Dutch or German, and they drank white wine. Up here the French and the Italians drank red wines at their homes--the Martinis, the Georges de Latours.

Jacobson: So you were seeing different concentrations of preferences in different cities, then?

Knowles: When I came to Beaulieu in 1962, that's what was happening. When I was with the Wine Advisory Board, it was all dessert wine--sherry and port and so forth. There was very little table wine, but it was called claret. Then it was white and red; maybe there were three or four--two whites, two reds; it didn't make any difference what they were. They were red or white wines, that's what they were. Then it started expanding. Like I say, each market had its own preference, depending on its makeup and the conditions and a lot of things.

Compacting of the Line at Beaulieu

Jacobson: That must have made distribution of merchandise very complicated.

Knowles: It did. We used to have forty wines at Beaulieu. It was hard to control the grapes. Men like André [Tchelistcheff] were geniuses to do that. And we had altar wine and church wine on top of it all. So it was quite a thing.

It was our ambition--it was André's and mine, too--to compact the line. If a guy said to me, "What would you do now?" I'd be the king of Cabernet. I'd have Cabernet from Washington, Oregon, Mendocino, Petaluma, Napa, Tepusquet. I would have a million cases, and I would sell the Cabernet from three dollars a bottle to three hundred dollars a bottle. But I'd be working with one grape.

At BV, we finally got it down to about eight grapes, after having forty.

Impressions of Hélène de Pins

Jacobson: Let's go back to your first meeting with Madame de Pins, and what your first impressions of her were.

Knowles: I could see this was a very nice and legitimately aristocratic lady, who was real straightforward. And I liked the way she looked at you. I liked the way she talked. She had a board of directors meeting. The only thing was that the fellow I replaced, Aldo Fabbrini, was not there. That was unfortunate, but I guess it had to be that way, because it wasn't known that he was going to leave. I guess just because I wrote that letter it gave them the idea that maybe this would be the time. I don't think that I was unanimously selected. I think several of them figured I was a little pushy. Aw, what the hell do I care?

One time at Gallo we talked to ten thousand people about the name of a wine. We didn't know whether to call it Gypsy Dancer or Gypsy Rose. We had that great flamenco dancer, José Greco, on a label, so we liked Gypsy Dancer. We asked all these people, one after another, "If we were going to make a pink wine, which one would you like--if it were called Gypsy Dancer or Gypsy Rose?" The next one we would reverse the names--"Gypsy Rose or Gypsy Dancer?" We did it, and we finished. There were about seven thousand people who preferred Gypsy Dancer, to three thousand Gypsy Rose. Al Fenderson, the executive vice president, called Ernest, and he said, "Fine, we'll call it Gypsy Rose." Al chuckled and said to me, "It was seven thousand to three thousand in favor of Gypsy Dancer. But at Gallo it's not the quantity of opinion that counts; it's the quality of opinion."

That's what it was with Madame de Pins, too, with her opinions. I don't know what it was with her, but she thought I could do some good. I had a feeling she didn't have confidence in her sales management. I said, "I hope you will have confidence in mine, but if you don't, I will be right out of here. Otherwise I will guarantee you I will be here one year. This is not enough money for me, but at the end of the year you

decide what you think I'm worth." Of course, at the end of the year they gave me a nice bonus, and I gave half of it back.

Jacobson: Why did you do that?

Knowles: Because I thought it was wrong. I almost felt that it put pressure on me.

Distribution Problems

Knowles: I went to work for Beaulieu Vineyard, and I tried hard; I really worked hard. I was having a lot of trouble, too, because we had had a selling agent named Park & Tilford. Park & Tilford was purchased by Schenley, and Schenley also owned Cresta Blanca, among other things. The head of Schenley was Lou [Lewis R.] Rosenstiel, and he said, "What the hell is that Beaulieu? I'll bury that Beaulieu." She got mad, naturally, so BV got out of the Park & Tilford arrangement. Later I had to find new distribution, and that was very hard, because nobody was even interested in wine in 1962. But we found it.

Recollections of Aldo Fabbrini

Knowles: So I worked hard and I was lucky. Then Aldo Fabbrini left. Aldo was a good executive; he made major contributions.

Jacobson: Tell me about Aldo. What was he like?

Knowles: He was just a real Florentine gentleman. He really was. He said it was not dignified to ask for an order, however: "I never asked for an order in my life." He was really a polished gentleman. Of course, you don't get anywhere that way in the business. You really don't, unless you've got somebody out there asking for it. But he was great in other ways. He developed Beaulieu's back label--the first to show the actual grape composition.

Aldo's brother was also very significant. Aldo's brother, Nino, was the one who named Beaulieu's most famous wine, Georges de Latour Private Reserve. They were really good wine

people, and they were classy, elegant people. They didn't make calls, as I did.

We had a group of people leave here last week and go to Virginia and places like that for the Napa Valley Vintners. They came back exhausted in one week. I said, "You ought to try this for forty years and see what it's like." But they really had never been out of here. They were really surprised at the sophistication in Greensboro, North Carolina: "Boy, we didn't realize Fort Lauderdale knew that much about wine." I mean, come on! People in Fort Lauderdale are just as hip as they are in New York or Napa.

I did a lot of field work. Aldo never did that kind of work. But he was very smart, and he was a very good man. I would say he would be like a European, a wine head. And he was very good to me. I was replacing him, and that can be dynamite. He didn't teach me an awful lot, but he didn't hold back, either. He had been many years at Beaulieu.

I was one of the few people Madame de Pins hired. Her father hired André, and a marvelous guy named Otto Gramlow, the finance man. Madame de Latour hired Aldo Fabbrini.

Establishing an Allocation Program

Jacobson: Can you describe for me what the first things were that you did to establish the distributorship?

Knowles: I said, "Madame de Pins, what is the job?" She said, "Bring in the money, but for God's sake don't use up the wine." Terrific. She said wine was so hard to grow, it's such a precious thing, that you've got to make sure it goes to the right place. It was really kind of succinct advice, I thought.

I said that if it was so precious, I was going to start an allocation program. We did the first allocation program in the business. We had them on their hands and knees, screaming for the wine. The lady who helped me, Thelma Groeneweg, was my assistant for twenty-seven years, and at Beaulieu for thirty-nine. Only she and I really knew how much wine we had. We allocated every bottle, and I knew where every bottle was in all the United States.

We didn't gouge them, either. In other words, when it was five bucks a bottle, we could have gotten ten, but we didn't do that. Maybe later we got six bucks or something, but we never did gouge them. Also, I tried very, very hard to protect those little merchants who had sold Georges de Latour when it was hard to sell. Now that the wine business is coming into itself and there are all these snooty places--I didn't give them the private reserve if I had to take it away from the little guy; I kept the little guy right to the end.

That was very hard when Heublein bought us, because they didn't understand that at all. They criticized me, because they said, "Legh's got it backwards." One of the people we did business with was Von's. The Von der Ahes were very high quality people. We decided, after a lot of deliberation, to go into Vons in Los Angeles, because we thought Von's would give us a profile we needed, but yet wouldn't make us supermarket people. And that's exactly what happened.

Well, you could go into Von's because they had helped us make our position in Los Angeles, and you could get private reserve. Stuart Watson said, "I don't understand that. You should have that only up in Beverly Hills." I said, "What are you talking about? People like Von's helped us make our reputation."

So that's what I did--allocation. We really tried very hard.

Three Cabernet Lines

Knowles: I think the best thing I did was those three Cabernets. Suddenly we had a lot of Cabernet fruit, but they all had different personalities. And, you know, the normal thing to do is to blend it all into the one that's making the most profit. But I didn't think that was good. I knew that, while this really didn't apply, the French have what they call premier cru, deuxieme cru, troisieme cru--first, second, and third growth. So I thought we would have first, second, and third growth; that's three different Cabernets. The only problem is that maybe they'll cannibalize the cheapest one. Au contraire--

it didn't happen. Beaulieu sells more Cabernet at five bucks than anybody in the United States, no question.¹

So we had these three Cabernets--Beau Tour, Rutherford, and Georges de Latour Private Reserve. I think they are about half of Beaulieu's business today. That's what André was thinking all the time: we'll compact the thing, we'll do what we think best. So that worked well.

Gamay Beaujolais

Knowles: You mention [in your outline] introduction of brandy, introduction of Spätlese, introduction of Classic Magnums--where'd you get these? André must have talked about some of these. Did he?

Jacobson: I'm not sure that he did. I think that I may have gotten those from a newspaper article.

Knowles: Well, the wine we're kind of proud of, which was ahead of the brandy, was Gamay Beaujolais. That's no big innovative step, but in our case it was. Because, as I told you, we were trying to make it a normal product which would be served a little cool, which wouldn't take a lot of age, which could be served as a real refreshment wine. The man who wrote the back label was a fellow named Charles Van Kriedt. He's the one who put the 55 degrees on it. (Charles Van Kriedt had a wine publication; he called it The California Wine Letter.)

I remember we put that wine aboard American Airlines in 1969, and that evoked more positive reaction than any wine they ever had on the airplanes. Those are the things that keep you going when your wife is mad at you, and you're sick, and you miss the airplane. That's what helps you sleep; it really does. So that was a great one.

Jacobson: How did you get the idea to go to the airlines with that wine?

Knowles: Oh, those things just happen. When you're around as long as I've been around--I really know a lot of people. Like, the man I knew at American was Creighton Churchill, a writer and a

¹See also pages 77-79.

friend of mine. He came up and said, "Legh, why won't you put anything on the airline?" I said, "Creighton, you want us to give you a special price. I'm not going to give you a price. This wine is allocated; we can sell every bottle we make. Why should I give you a price? I'll tell you what I will do: we've got a brand new product out, and we'll introduce it on the airline." So that's the way we did that.

There was a big discussion about what is Gamay Beaujolais. Is it--in our case--what we call a "clone" of Pinot Noir? That's when we all went nuts on "clone." The Gamay Beaujolais was really Pinot Noir. It tasted good! It had no residence in barrels. Didn't get any aging, just tasted like it.

IV THE DE LATOUR FAMILY

Hélène de Pins

Jacobson: Before we jump to Heublein, I want to hear more about the de Latour family--what individual members were like, and what they were like to work for.

Knowles: Well, Madame de Pins was a very strict lady, you know--tough with a buck. I remember one time she gave us an egg timer. She didn't do that to boil eggs; she did it so we would stay only three minutes on the phone. The marquis¹ would bring home to Madame de Pins all the letters, the orders, and the bank information when we were in San Francisco at 57 Polk Street. She very seldom came to the office. They lived on Powell Street, across from the Fairmont. We'd send this envelope with all this material home, and the marquis would bring the envelope back and we'd use it the next day. That's how tough she was.

I always show these cufflinks. One day she gave me these cufflinks as a gift. They're obviously gold, but they look like buttons. They're beautiful. I was so proud to get them. Then I was on a cruise and I lost one of them. I came back, and by that time she was gone. I said to Otto Gramlow, "Where do you think Madame de Pins got those cufflinks? He said, "Obviously Tiffanys, or someplace like that." I said, "Really?" Well, I went to Tiffany's to get a replacement. You know what it was? Five hundred bucks for the cufflink. Here's the lady who will give you the egg timer, and make you use the same envelope, but she'll give you a thousand dollar

¹The Marquis Henri Galcerand de Pins, who had married Hélène de Latour.

pair of cufflinks. That's a lady. She was great with me. I just loved her.

The Marquis and the Marquise

Knowles: The marquis was a real aristocrat and an individualist. He said, "I married H  l  ne; I did not marry Beaulieu. My name is my own." He looked like a marquis, just like a movie actor.

They had schedules. They would go up to Beaulieu for New Year's Day, the first crush, the first frost, birthday parties. Then they would come back to the city, and then they would go to France and stay for several months. I went across the country with them a few times on the train. They'd have like thirty-two pieces of luggage. She wouldn't fly for a long time; she would always take the Isle de France or one of those ships. They were wonderful people. Always the chauffeur, always the butler, always the cook, always the maid. Always.

Dagmar de Pins Sullivan

Knowles: Their daughter, Dagmar, was named, I believe, after the Queen of Norway or Denmark. As I remember the story, the marquis' father, or Dagmar's grandfather, was the French ambassador to one of those two countries, and they got to know Queen Dagmar. So her name is Dagmar de Pins Sullivan. I always wanted to have a label that said that--"Dagmar de Pins Sullivan."

Jacobson: Did she get involved in the business at all?

Knowles: Her husband, Walter Sullivan, was very involved. He is a smart guy. Walter and Dagmar were on the board, and Madame was on the board, and the marquis was on the board, and Otto was on the board, and so was a brilliant lawyer, Mr. Ted Kolb. I was not on the board, but I made every meeting.

Tasting with the Marquis and Marquise

Knowles: The first day I came, I went up to Beaulieu. The office was down in San Francisco, but she happened to be up here [in Napa], and she said, "Mr. Knowles, I'd like to have a tasting for you. I know you are not without experience." So I came up to Beaulieu in Rutherford, and they had a lanai room. There was a long table, and she sat at one end and the marquis sat at the other end. I sat in between, and we'd overlook the formal gardens. They had a Japanese butler who spoke French. His name was Kio.

There were eight baccarat glasses in front of every place setting. Kio poured the first one, and the marquis took it and coughed. "Pour it now," he said, so Kio poured it. He poured hers, and she didn't say a word. He poured mine, and she said, "Now, this is a wine which my father and Archbishop Riordan tasted together," and so forth--she'd tell a story about it.

They did that eight times, and eight times he coughed, and eight times she didn't bat an eye--completely poised. It was really something. Finally he said, "Hélène, are you finished?"--at the end of the eight. She said, "Yes, Galcerand, I am finished." I don't know how he did this, but he got Kio, the butler, to come in there, and he said something to him. Kio came back with a glass cradled in his hand and a bottle, and he poured him a bottle of Coors beer. He said, "You Americans--here it is 105 degrees outside, and you're drinking all this wine. You are crazy."

The Women of the de Latour Family

Knowles: Dagmar was a marvelous, marvelous cook. They used to ask what was the difference between the two. Well, they would serve the main course--never entrée; boy, we learned that quick. Entrée means the beginning, not the middle. Or Madame would say, "Oh, the sauce is so wrong." And she would tell them how to correct the sauce, through the butler. He'd go out, and pretty soon the sauce would be corrected.

Well, if it were Dagmar, she would say, "Oh, that's terrible; just a moment, please." And Dagmar would go in and correct the sauce. Really, that was the difference.

I thought that Madame de Pins was very a good business lady. I often thought that maybe people were not inclined to listen to her enough. We had affirmative action at Beaulieu long before affirmative action legislation, because the first president after Georges de Latour was Madame de Latour, and the next one was Madame de Pins.

She was a great lady. I remember she would be so nice and write my mother. Oh, she did so many nice things--sent things to Barbara, our daughter, and Margaret, my wife. Really, she couldn't have been nicer to us. I know it broke her heart to sell Beaulieu Vineyard to Heublein. Who knows why they did that--the grandchildren, taxes, all that jazz.

Winemaking Philosophy

Jacobson: How would you describe the winemaking philosophy of the de Latour family?

Knowles: I would say that their winemaking philosophy was non-manipulative. When I came, I knew who André [Tchelistcheff] was from 1948, because I said that whoever makes that wine has got to be a genius, and it was André. But André was working with grapes and policies that were set down by Georges de Latour. He was changing the policies a little bit, because he thought maybe they didn't use enough barrels, and so forth.

When I first came, I ran into Dr. [James A.] Cook from Davis. Dr. Cook says that people forget that André is more of a viticulturalist than he is a winemaker. Now they act like the winemaker dreams and sniffs it and swirls it and he holds it, and then he does something to the wine. You can't do anything to the wine if the grapes aren't any good.

Georges de Latour brought cuttings over, and then André put them in the right place. André talked about microclimate. In other words, we took all the natural things that I think we found out in this time since 1900--where we



Marquis and Marquise de Pins in the Beaulieu Champagne Cellar, 1957.

should grow grapes and how we should handle them. We didn't manipulate them; we just grew the grapes, and if they weren't the way we wanted them we grew them someplace else, or we grew different grapes. We wound up with a grape source which gave us our style--the Beaulieu style.

And the winemaking is the same. I mean, winemaking is no big deal. If you squeeze a handful of grapes and put the juice in a cup and go away, it becomes wine. The first guy to louse it up was Louis Pasteur, when he was inhibiting the fermentation process. Really! He wasn't working on milk; he was working on wine.

Beaulieu Winemakers

Knowles: André is so warm and so great. André used to just make sure the grapes were planted in the right place. He developed many techniques to give us that beautiful Beaulieu style. When André left we had Dr. [Richard] Peterson, who stayed just a short while. He had a great opportunity at another place, and he had to take it.

So I put on Theo Rosenbrand, who was a union man; he was the cellarmaster. That was hard. Theo stayed until he went with Sterling [Vineyards], because he got considerably more money, and he got a situation which really benefited Paula, his wife. They took trips to Holland almost every year.

I had hired Tom Selfridge, with a master's degree from Davis, in 1973. When Theo Rosenbrand left, I gave Tom the position of winemaker. In 1979 Tom became general manager and then president. Tom is a good man, and a good winemaker. He also has good financial background, having graduated from The Wharton School.

Beaulieu also had Joe Heitz, Mike Grgich. They get mad at me when I say, "Hey, we not only make fine wines; we also make fine winemakers." The thing is, the policy of the company--which I didn't originate--came from Georges de Latour.

So they handled the winemaking terrifically, but they do so because they are operating from excellent policies. And we didn't change those, and Heublein didn't change those,

either. Heublein had ideas to change them, but I tried to prevent that, and I was very unpopular.

Hélène de Pins' Influence on Winemaking
[Interview 2: 28 March 1989]###

Jacobson: Last time we ended talking about the de Latour family. I wanted to ask you what role the marquise played in the actual winemaking. Did she oversee it or supervise it, or did she give the winemaker complete autonomy?

Knowles: She didn't give anyone complete autonomy. That wouldn't be smart to do that. She, as I always tried to do, broke the ties. Or she'd say, "Oh, I don't think we ought to have a Zinfandel." André would say, "I don't think we ought to have a Zinfandel because the variety's too capricious." But she said, "I don't think we ought to have a Zinfandel because we should really follow the aristocratic types of wines," which happened to Cabernets, Pinot Noirs. She would make that policy.

In essence, Walter and Dagmar Sullivan, Ted Kolb, and Otto Gramlow were continuous help to all of us. They were very good in trying to understand and get things moving. And André was always the artist, which he should have been. André would say, "Well, I don't think we ought to do that," or "Oh, that's terrible!" I would also say, "André, we could sell that; it would make our Cabernet look better." She would listen, but she would say, "I don't think we'll do that right now," or something like that.

Hélène de Pins' Management Style

Knowles: She also was obviously involved with the finances--just to say yes or no, because she had money in her own right, and how much we were going to put in that business she would determine. I think that at that point she would always consider her daughter, because she knew that, really, Mrs. Sullivan was going to wind up with the money or the debt.



The Marquise de Pins with Legh F. Knowles, Jr., at the Beaulieu residence, 1975.

We were always quite out of debt; we never had any funding problem at all. We could get any kind of money we needed. She was involved with the money and the image. She was a very good checker, which I liked. She would go in and talk to certain customers. She would talk to Victor Bergeron--she was the only one who pronounced it French--or she would talk to Bob Grisson, the man who owned what is now Harris' Restaurant. She would talk to restaurateurs and get ideas, and then she would tell me--"They say this," or "They think that the price could be better," or "They think that the price could be lower." Not constantly, you know. Because I would tell her more than she would tell me. She was very good. I liked the way she worked.

I think I mentioned the last time that I had a little different situation, in that she did select me. I always told her that I selected her, because she didn't come after me; I wrote her and said I really believed in the policies that Beaulieu had, and I thought maybe if there was an opportunity to come, I could contribute greatly to the progress--the way she saw the progress. I thought I saw that, and I did. Because I knew she loved the stature and the prestige, but I knew also that she loved doing it elegantly. You know, the money's got to be there, and I could tell that. She would say, "Money does not grow on trees."

I had a hard time, because I had to be pushy and commercial, and at the same time retain some of the elegance that a so-called French stylist would have. But you had to sacrifice that at times. That's probably what's wrong with the industry today. They get in fantasyland, instead of the business world.

They had a board of "di-rectors" meeting, as she called it, and she would be very active with that. The first thing she would say was, "Now, before we start the board of 'di-rectors' meeting, where are we going to eat today?" She would always say that. We would have the meeting most of the time in the city, where we had offices, but several times up in Napa Valley. We never had it in France; or they probably had it and I was not there. That would be for a lot of good reasons--IRS reasons. It was a business thing.

I thought she was damned smart. Some people said she just got up and worried about what the cook would do. I said I didn't think that at all, that I thought she was really

contributive. In fact, I made that point come home when Heublein did buy us. Here we were, sitting down there, and I'm running all over the country, mostly to Hartford. I'm saying, "I wonder what's happening at that winery? I wonder how much of her influence is missing?"

We moved, and I bought this house at Silverado Country Club. I really didn't want to live in this province of Napa. Baron Philippe de Rothschild said, "I live in Paris, man, not Bordeaux." But the minute Madame de Pins sold the company and was not exerting the presence of being involved, I saw a couple of things that would slip. I'd say, "What shipments have gone out?" They'd say, "Well, we couldn't get any freight cars, Mr. Knowles." I said, "Get the freight cars." If they saw her, they'd get the freight cars up there, you know what I'm saying? Her presence really kept it right on the ball.

Her mother, Madame de Latour, they say was much more hands-on "operational." But the marquise knew what was going on, and when she would talk, she would say something, as far as I was concerned. I never once disregarded her, or what she had to say.

Hélène de Pins' Goals for Beaulieu

Jacobson: What was her vision of where the company should go, as you understood it?

Knowles: I don't think she had a precise vision. She would make statements like this, "You know, Legh, I always thought that the Cabernet was the thing we should sell." The Cabernet was something we really started selling in the '60s, just about when they sold the company, because we didn't have a hell of a lot of Cabernet. We had Cabernet across the street in her vineyard, and then we had it with Ivan Schoch, who sold grapes to us; we didn't own that vineyard located in Oakville. He sold that vineyard to Charles Krug. Then we started procuring additional Cabernet fruit. She thought that was very good to do. She would try to pick the very elegant products, but she was always aware that they had to make money. She was very good.



Madame de Latour in Beaulieu Vineyard winery.

She was always involved in the pricing. The first thing I did for her was after she said, "I think we spend too much money on promotion in New York and L. A." I said fine, and she asked if I would do something about it. I said I would, and a couple of days later she asked what I had done. I said I cut all that out. She asked what difference that would make, and I said, "\$350,000 from your standpoint, but it may also reflect itself in some lesser effort by distributors. I don't know. I'm going to try to personally make up for that lack of effort that the promotional money brought, by giving people reasons to do the job on a pure selling basis." Ah, she liked that.

She didn't believe in a lot of changes. Like the label--we always thought, and still do, that it was a real tacky label. The only thing is that it sells. Walter Sullivan, the son-in-law, said to me, "Legh, didn't you tell me that you have an allocation program, and that you really need more wine, and that you can sell all the wine you have?" I said, "Yes, it's according to what price we get for it." He said, "Then why don't you wait until it stops moving before you change the label?" I said, "That's right." That was Walter, but he's really speaking for her. He's speaking for himself, too.

Madame de Pins and Dagmar Sullivan cried when they announced to Otto Gramlow and me that they had sold the company. Because, you see, she would go to Europe to Monbrun--Brown Mountain (that's where the château is)--and it was a hell of a lot different when she could say, "I have a winery in Napa called Beaulieu." She lost a lot out of it, although she gained a lot of money.

Probably she and Walter were smart enough to realize they were going to come into a period of really heightened competition. I could see it myself. I could feel it in the air, that corporations were getting more interested in wine. We were getting offers to sell the company, but there was more than that. You take a hundred people interested now, who thought, "Well, that's some cuckoo thing. That's the one where the guys sniff and spit--is that the business?" Now it became more interesting. She could tell that, too.

I said to her, "Madame de Pins, we're going to have to look ahead now. We're going to have to get a selling agent, because I cannot compete with just a couple of guys in a situation where Seagrams or National Distillers has a major

selling organization. I don't think we should get Seagrams or National Distillers, but somebody like Heublein might be a good company to sell our product. Because they've sold Harvey's Bristol Cream a long time, and that's an elegant product." So she was aware.

Jacobson: How did she balance artistic considerations versus commercial considerations?

Knowles: I think she made commercial considerations very considerable. The only thing is, the commercial part had better be artistic. That was the challenge, to do that.

She wanted to bring in the money, but for God's sake not to use up the wine. I think that says it. There's a balance; she wanted artistic commercialism, to use your phrase. I'll use that! I think that's well said.

Madame de Pins' responsibility was to her father, she always said. She talked about her mother, but more about her father, Georges de Latour. I never met him. I met her mother very, very briefly, like in 1950. And Madame de Pins felt some responsibility for those grandchildren.

Hélène de Pins' Fiscal Conservatism

Jacobson: When André would approach her with an idea about improving the quality of the winemaking, how receptive would she be to that?

Knowles: I can't tell that, because that was pretty much established. I think that battle went on before me. She took over in 1951, and I think at that point André became a consultant. I don't know why that was; I think it probably had something to do with money--how much he was paid. He's a tremendous guy. What he is is a winemaker who's a salesman, and I'm a salesman who's a salesman, who is trying to be a chairman.¹ No matter what happens, you had better be a salesman. That's Madame de Pins, too--nothing happens till somebody sells somebody something.

¹Legh Knowles became chairman of Beaulieu Vineyard in 1984.

By the time I got there, André would say, "Hey, we have to have \$300,000, because we need more fermenting." He became very professional; he would talk to Otto Gramlow, the financial man for so many years, and then Otto would tell me. Otto would say that obviously what André is trying to do is make x number of cases of wine. Let's say we were trying to change the mix; we're trying to get Cabernet more prominent in there, which we tried to do. Well, when you do that, that has to reside in barrels, where sauterne didn't have to-- Sémillon does. The barrels have to reside in some building [laughs].

So André would say to us, "We need \$300,000." People ask today, "What is the difference between your operation when Heublein bought you and when Beaulieu bought it?" I would tell them that when we needed something from the winery, when she owned it, we would say, "Madame de Pins, we need \$300,000." She'd say, "Money doesn't grow on trees, but we'll have a board of 'di-rectors' meeting in ten days and let you know." I'd figure, "Boy, we can't wait ten days."

Then we would have the board of directors meeting, and she'd say, "Well, we decided that we can't give you \$300,000, but we can give you \$90,000," or something like that. Because she'd say, "Oh, André can make it go on \$90,000." That's the kind of thing she did. So they were very tough with a buck.

Family vs. Corporate Ownership

Knowles: Now, Heublein bought us, and they'd ask what we needed. I'd say \$300,000, and they'd say, "\$300,000? That's a mickey mouse request; don't give me that mickey mouse thing. Give me a real long range project." I'd say okay, and I'd give them one. Like one time when they said they wanted to make champagne, and I said, "Okay, we need \$21,000,000." They said, "Terrific--break it all down," and so on. We'd get the answer in a year.

Then we would get into the complexities of the red tape with the corporation. They had the ability to give you anything, because they had the money, but it wouldn't move fast enough. That really is the difference. You had to prove it to them. If you read the Wine Investor interview I

gave you, when Chris Carriuolo said to me at the Brown Derby at Beverly Hills, "You know, Legh, your days are numbered, because you don't think like they do." No one knew that better than I. I'm a fairly good politician, and I understand the field.

The other thing is that she would completely understand the wine business. They could have understood it, but they maybe didn't want to understand it. They would say to me, "Legh, how much do you make on private reserve?" I'd give them a figure, and they'd say, "Boy, that's a lot of money. If we could make ten times as much product, we'd make ten times as much money." I'd say, "Yes, but I couldn't sell ten times as much." They would say, "Oh, come on man, you don't have that wine available anyplace; you've got this allocation program." See, she would know better, because she knows that Château Lafite sells 25,000 cases. It's in Hong Kong and Scandinavia, but it's still only 25,000 cases. But they don't want to hear that.

So that was the difference. She understood the business. They really were smart enough to understand the business, but it was convenient not to understand the business. That made it hard for me, but I just made a decision that no matter what it would cost me, I would hang in there. They'll tell you that they didn't think there was a lot of trouble with me, but they forget that they brought me to Hartford every weekend for five or six weeks to try to get me to move to Hartford, so they could get somebody here to run the winery who was more compliant. "Now we'll start making some wines, if we get that dead-ass Legh Knowles out of there. Because he's a salesman anyway. We'll have him sell Harvey's and Smirnoff. Hell, he can sell other things besides BV." That kind of thing.

Or Stuart Watson, the chairman, would say, "I wish I had a job as easy as yours," when I was introducing Beau Tour, which saved their hide. It's a product that sells more than the combined output of all the Grgich-Hills and Cakebread wines. This is what they want, but they wanted it to be private reserve. Well, you can't do that. You can't sell eleven million Oldsmobiles and also eleven million Mercedes Benz.

I used to give that speech sometimes. Once in the audience was Bob Mondavi and John De Luca, and quite a few wine people. They seemed to nod their heads, like they

understood that. There were three things: the red tape, the need to really make money fast, and the lack of feeling passionate for the wine business, being personally involved.

Jack Powers, that good-looking guy--I finally got to work for him in 1978; that's when I finally started making money again. I'd have had a hard time if it weren't for him. He'd say to me, "Legh, what are you going to do if such-and-such happens?" I said, "We'll do the thing right, and then we'll fight our way out of it some other way; we won't destroy anything while we're doing it. We'll fight our way out of it, because I'll figure something to do, believe me."

Here's another difference. I said to him one time, "You want to run the business by the clock. You can't do that; you've got to run it by the calendar. Because what happens in the spring, when the vineyards are budding and coming in, and what happens in the summer, when they are ripening, and what happens during the vintage, depends on what we're going to accomplish. Not by the fact that we have to have a five-year plan in on August 11, which tells us what's going to happen in the next ten years."

He said, "Look Legh, you and I are friends. I know what you're talking about, but I've got to run it by the clock. These people are pushing me by the clock." I said, "Okay, Jack, that's when I'll fight my way out of it. You tell them yes." Like one time I put eight distributors on a conference telephone call, and we made \$350,000 in twenty-five minutes. That's an example. I said, "Jack, that's what I'm telling you about." See, he couldn't complain about that. He could complain that it wasn't \$3,200,000, but I said if he did that, then Heublein should not have bought Beaulieu.

Georges de Latour and the Unveiling of his Private Reserve Cabernet

Jacobson: What do you know of Georges de Latour and the story of how private reserve was started?

Knowles: Apparently he was a really tough guy. Apparently he had said, "We make the best. We don't let anybody walk all over us." I would think he'd say that; she never told me that. For example, I said to her, "Madame de Pins, I've heard so

many stories about how private reserve was started." There are all kinds of stories.

She said, "We were living on Scott Street in the city." Richard, her brother--who was not in the business--was there. "We were all there," whatever that means--probably the marquis and Richard and maybe Dagmar, but Dagmar had to be a little girl. "My father had a bottle of wine in his hands. He said, 'I'm glad you're all here, because I want you to taste this wine. I really think that it could be the making of our reputation.'" This was in 1939. She said, "It was Cabernet, and he opened the bottle and its very perfume filled the room."

I was really impressed with that, because she was not a flowery kind of lady at all. She was flowery, but not hype or puffery. But she's telling me that this was such a big wine--the aroma and bouquet. She said, "We tasted it, and it was wonderful. My father said, 'I really do think this is going to be the making of our reputation, because I don't think I'll be around very long.'" And I did think he looked awfully tired, and the next year he died."

I really had two predecessors, and one of them, Nino Fabbrini, in honor of Georges de Latour, called it "Georges de Latour Private Reserve Cabernet Sauvignon." Now, I want to tell you, you couldn't lay a glove on that wine. Because he had his stamp on it.

The chablis was another wine Georges de Latour sold well. Even though chablis is a generic name, and the French say, "Who the hell are you to call it chablis, just because the Versailles treaty allowed you to call it chablis?" They'd say, "You're French, Georges." "Yes, and it's the best white wine in California," he'd yell. I felt good, because he kind of sold like I did. They tell me he would say, walking in all these restaurants in San Francisco, "What the hell are you doing with all that other garbage?"

Madame de Pins remembered that, and she would say that, too. She felt a responsibility for her father's having brought it as far as he did, and then her mother, too. Her father died in '40, her mother died in '51. Her mother ran it from '40 to '51, and Madame de Pins ran it from '51 to '69.

Resistance to Innovation and Modernization##

Jacobson: - Would she resist modernizing or innovation in a way that departed from--?

Knowles: Sure. Innovation is innovation is innovation. Innovation is when Ernest takes a product and makes Thunderbird. That's innovation. She didn't do that. After all, we had sparkling wine, which was infused with CO₂--carbon dioxide--in the fifties. They didn't think it should be called champagne, because champagne is made in Champagne, a district of France. Méthode champenoise is the only one that is made there.

I don't know whether she agreed to making champagne. I think that Ted Kolb or Walter Sullivan or somebody did that, but not André; André didn't like champagne. It would behoove André to just make great wine, and not care whether the money was made. Really, he wasn't even on salary; he was a consultant. A great one. He's the one who persuaded Georges de Latour to age Cabernet Sauvignon in small barrels.

The family brought André Tchelistcheff into this country. Boy, they had a hard time getting him in, because in 1937, when he came, there were people in California who needed jobs, and they didn't need to get people from Paris to do it. That diligence paid off for Beaulieu.

Upholding Beaulieu Traditions

Knowles: Then when Heublein came along, they really had a hard time with me, because I just was not doing the things they thought should be done. They were going to take this company and triple the business, make all kinds of profit. "Here we have the greatest entry in the world, and this Legh Knowles, because of his Sleepy Hollow, non-innovative, non-aggressive, non-salesmanship approach, is going to hold us down." The chairman, Stuart Watson, and I had many problems with that.

They were nice enough not to fire me. They just tried to discourage me. And that's not the way you do it with me. They would have been far better off to fire me [laughs]. But if they had, I would have gone with Gallo or Paul Masson.

Now there's nobody at Beaulieu taking unpopular stands. Somebody at Heublein decided we should have a "reserve" wine category. I said, "You are kidding! We established the category private reserve, and you are blowing it away; you are diluting it by putting the word 'reserve' on two of our wines--the Chardonnay and the Pinot Noir. Any fool can do that. There's not even a legal constraint on using the designation 'reserve'."

They said, "Gee, Legh, we're surprised. Don't get so emotional." That's what they'd always say, and I said, "Maybe I better get emotional."

Now there must be a hundred guys who call it reserve wine. We called it private reserve because he [Georges de Latour] served it only to his friends from France--you know, that story that I just told you. Isn't that wonderful? Really!

V MARKETING BEAULIEU WINES IN THE SIXTIES

Forty Wines

Jacobson: What were the principal wines that Beaulieu was making in that period before it sold to Heublein?

Knowles: That's a good story. This might be challenged by some people, because nobody ever really took the trouble to find out. I said we were making forty wines when I came. I'm sure we were, because we were making altar wines--church wines, sacramental wines; we were making a full line of dessert wines; we must have had six or seven different sauternes, which we don't have now; we had Riesling Sylvaner. We had a lot of things--we had forty wines!

Then we had a little bit of Cabernet, a lot of Burgundy. We had no Gamay Beaujolais, and we had two Cabernets--which, by the way, didn't even sell close in volume to chablis or sauterne. We were a big sauterne and chablis company, but we didn't have [much] Cabernet.

The first year that we got more black grapes than white grapes was in 1969, and that was the time that Heublein had bought us. The funny thing is, I used to tell that to the Heublein people. I said, "Just when there is a white wine syndrome, you get us more black grapes."

I hope you realize that I knew a lot of people in Heublein. I mean, I've been in the business a long time. I have a pretty good rapport, but the problem I was having was with the very top people, and I would be so obstinate. But I said, "Now when we need white grapes, we have red grapes."

Discontinuing Altar and Dessert Wines

Knowles: I would say now that there are about eight or nine wines, but that reduction took place over a period of time. One of the hardest things I ever did was call Bishop Hurley at Santa Rosa, to tell him that we were going to go out of the altar wine business, after having been in it since 1906. The reason was that we could no longer produce the wine so that the priest could afford it. The priest could not buy that wine through stores, and I couldn't reduce the price. I held it down and held it down--I happen to be Catholic. I held it down as much as I could.

That took us out of the altar wine business. It took us out of a terrific position, too. You can imagine that that's a rather elegant, nice position to be in--altar wine. This is the wine which gets ecclesiastical approbation every three years. This is the wine that the Catholic hierarchy drinks; all the archbishops and bishops and cardinals drink this wine. They did.

Then we went out of the dessert wine business.

Jacobson: Did you start phasing out when you were still under the family?

Knowles: No, no. We needed every kind of bottle we had. Dagmar said to me, "Legh, I don't give a G.D. for the all the sherry and port you're making." I said, "Dagmar, terrific--I don't, either, to tell you the truth. I'm not big on that. Tell me--every week we've got the workers with their hands out. If we don't sell the sherry and the port, what do we put in their hands as part of their compensation?" She said, "I see what you mean."

So we never really could afford to give it up. The Heublein people could, because right away they explained to me, "The word is 'agribusiness'." I asked them, "Would you spell that for me? I don't quite understand that." What they did was to acquire land with Beaulieu Vineyard, and then sell it to other people. But we had a long-term grape contract with them. Therefore we had no investment, but we had the fruit. They started doing that with Cabernet and Pinot Noir. That's how we began to get the black grapes when we needed the white.

But that didn't bother me, because I said, "That's a point of difference I think is sensational." After all, have Romanée

Conti and Château Lafitte gone out of business because the United States public decided to drink cold wine?

Of course, the white wine was great progress for the industry, but we were not into that, see? That's when we kept shifting into the red.

Accommodating Market Demands

Jacobson: So you had this very big challenge, then, of marketing forty wines.

Knowles: What you did in those days was that you really kind of accommodated the market, more than marketed. All these people we had were altar wine distributors. We were really making products for them, because they were the ones going to the priests and knowing what to sell. We had a distributor in Cleveland since 1916. Imagine that! Their names were Hammer, and all the boys went to Notre Dame, so they were really strong with the Catholic clergy. They were constantly selling sauterne.

When Sémillon became a less popular number--I notice now it is trending back a little bit--we decided we were not going to plant Sémillon grapes. When we planted grapes, we were going to plant Cabernet, Pinot noir, et cetera. Now, when you can only plant so much, you don't plant all kinds of grapes, so you compact the line.

So we compacted the line. And I would say they will continue to compact it more. But they'll probably add a couple, too. Like, I was never one who was going to have White Zinfandel, or those kinds of things, although they all do. Robert Mondavi is [in a joint venture] with the Rothschilds, but he's got White Zinfandel. He's got all those commercial things, too.

Brokers

Jacobson: When you first came on, how did you go about building a sales force and training them?

Knowles: I've said it so many times in my commercials. The way we operated the business--the way I did it--is that we got up every day at five o'clock and started all over again. Just work, work, work. We never had much of a sales force. We had a great group of what I call brokers. Oh, they were good.

In Taylor I used to ask Russ Douglas, "What is the job?" He'd say, "Look, if the distributors would give Taylor 5 percent of their attention and interest against his whole profit, then you get 6 or 7; you get an inordinate share." I did that with these brokers. I became friends with them, or I helped them and worked with them. I mean, I didn't talk about baseball or boxing; I didn't do that at all. Also we went out and made calls, and I would try to turn them on all the time. And they would work harder for Beaulieu than they should against what it was. Because brokers have a lot of numbers, as you probably know.

Our best representatives were in Southern California, but they also had Southern Comfort. Now, that doesn't mix at all with Beaulieu. But Southern Comfort was so successful, and so well distributed, that there wasn't really a lot of work to do. The Southern Comfort people wanted missionary guys out there, so Aldo Fabbrini ahead of me hooked in with them. What we had were exceptionally high-paid salesmen who really had nothing to talk about but Beaulieu. We were really getting a ride from Southern Comfort.

Each situation was handled a little bit differently. When I was with Mr. Gallo, he said, "Are you still working on that G.D. book?" I said, "Ernest, it wasn't my idea to write it, but I'm writing a manual." He said, "What is it like?" I said, "I'll tell you what it's not like: 'The retailer says this, you say this, the retailer says this, you say this.' Because what you say depends on what the retailer says in the situation, and that's what makes you a salesman. To be able to have this great repertoire and to accomplish the objective a lot of ways. Maybe you try three or four directions and it doesn't work, so then you try another one."

So that's what I did with the brokers, and, boy, we had some terrific people who could get it done [snap] like that. These people were really salesmen. They made it happen."

Jacobson: Can you talk a little bit about some of those distributors or brokers who were particularly good?

Knowles: Oh, sure. The one in Southern California was Tom Ferguson, who happened to be a former FBI agent. He also happened to be a very major financial advisor in Southern Comfort. He had four men out there selling Beaulieu and Southern Comfort. Tom just loved Beaulieu, and he loved Aldo Fabbrini. He was awed by the marquise, but he was always proud of the association. He loved the idea of having that contact with her, or thinking he could have the contact. He was good.

In New York we had a man named Joe Ciccone, who had been with Park & Tilford, which was our sales agent. He ran that New York operation. He would call me and he'd say, "I just read the riot act to these guys." So he did it a little differently--really just read the act to them. He got it done.

We had a fellow in Pennsylvania who was unbelievable--Shelley Margolis. He'd say, "Let's see, who do you want to sell, now, Legh? Don't give me too many." I'd give him ten accounts and he'd have them sold in two weeks. See, they had the ability to do that. Today people are representatives; they're not salesmen. Or they are wine experts. They weren't wine experts, these dudes; they just got it done.

The Art of Salesmanship

Knowles: I guess one of the problems we have today is that you should be a wine expert, but only to provide that part of the repertoire which enables you to get the job done, to sell the wine. That's what they say, you know, "That's Legh; he's living in some other age." I say, "I am not. The art of salesmanship is lost, but it hasn't been destroyed."

Seventy-five percent of the new placements occur on the fourth attempt or later. Can you imagine that? That means that if anybody tries once, twice, three times and quits, he has lost 75 percent of the opportunity. You know how many people will take that emotional beating that many times? Just punching bags like me and those other guys, you see, because we were willing to do that.

Jacobson: Did you have any mentors?

Knowles: My father. My father was just a guy who--he went to the sixth grade--refused to take "no" for an answer. He never worked

very hard at all. He was a great horse player. When he needed money, he would get a job selling something [laughs] and he'd make a ton of money, and then go back to playing the horses. But he could sell.

Then, as I went along, I worked with great people like Glenn Miller, whom I watched--so positive, and maniacal in his desire, and whose standards were so high. See, my father had these terrific standards, even though they weren't for him. They were for me or for my other brothers. Miller had standards like that, too. Glenn was absolutely the greatest executive I ever worked for. He was, no question, brilliant. Made you learn. He never said you played well. He said, "I pay you to play well. I don't pay you to make mistakes. I pay you to play perfectly." That's hard to hear, but, boy, that's right.

Ernest Gallo was certainly that way. Ernest once told me, "You know, Legh, you think you're smart, and you're pretty dumb." I said, "Thanks, Ernest, I appreciate that." He said, "You think people can be led. People can't be led; they've got to be driven." I said, "Oh, Ernest, come on. They can be led." "How many people can be led?" he asked. I said 90 percent of the time they can be led. He said, "Okay, that 10 percent--do you know when they have to be driven?" I said no, and he said, "That's when they let you down every single time."

And Russ Douglas used to say to me, "In every sales interview, somebody dominates somebody else. A lot of times people say the most desirable thing is when nobody dominates the other one, but that's really not the truth." He was right, because then you "sort of" push, and you don't really get anywhere.

So I always tried to do that. I still try to do that. I try to dominate the situation. The real salesmen don't have to be told that; they just do it. Because they have to do it. They have to be domineering; they have to win. Today when they walk out of the store people say, "Boy, he really knows a lot about wine. Did you hear him call all those sugar-acid figures out?" That doesn't have the slightest thing to do with it!

If the retailer has a hundred customers--first of all the retailer, who's just learned all this special information from our representative, doesn't talk to those hundred customers. And if you give him a sugar-acid figure, he doesn't know whether it's a good one or not. Does the retailer go through

his whole stock and say, "Cakebread doesn't have that sugar-acid, nor that Mondavi. Throw those products out." He doesn't say that. It's just a way to have a nice life, you know what I mean?

Allocation System

Jacobson: How well was the distribution chain established when you got to BV, and how did you change it in that seven-year period?

Knowles: I spread the product thin, to tell you the truth. We didn't have a lot of product. What I did was sell it in more places. In the places where we would sell a sizeable amount we were required to support it promotionally with some funds, discounts, special things. But I told them they didn't have to sell that much any more, or they better sell all they could because there was going to be an allocation, and what you get was what you had sold previously. The only way I could do that would be to go to Keene, New Hampshire, or Sheboygan, Wisconsin, or Madison, Wisconsin, and sell another twenty-five or fifty cases. I spread it thin; in other words, I sold it in places where it hadn't been sold before. I did that personally.

Madame de Pins saw that, too. That's another thing. I told her I would do that: "I'll spread it thin." I spread it so thin that we forced the allocation system, which then became the best sales technique of all. "Send me ten cases." "Gee, I'm sorry, I can only send you four." And legitimate, too. I'm not sitting there conning them. They never got the ten, because I had sold the other six in Sheboygan, Keene, or wherever the hell it may be.

We also protected our real early people when wine became de rigueur. The guys who didn't sell much California wine--only sold imports and didn't want to sell us--we'd sell them a little bit of it, but we still would protect those little guys.

Selective Selling##

Knowles: I not only worked with wholesalers. There was a very strange situation. There were retailers who had wholesaler licenses, meaning they could sell to other retailers. That's not generally done, but it was then. I got those people, and as one of the conditions where they would buy our product as a wholesaler--see, they bought it cheaper than if they were a retailer, and they could make more money--I used to say to them, "And you will also sell to Milwaukee Athletic Club, you will also sell the Schroeder Hotel." I would specify the accounts they would have to sell. They'd have to get in there, or I would be very unhappy. I call that selective selling.

When I went down to the big distributors, like Young's Market, where the fellow Tom Ferguson was, I never said, "Tom, we have to sell five hundred cases." I would say, "Tom, we have to sell eight cases to this guy, nine cases to this guy." I was calling that selective selling. I said, "Because if the product is so precious--and the lady told me to bring in the money, but for God's sake not to use up the wine--believe me, we have to know where it's going."

So that enabled me to put the wine where we wanted to put it, and also to get a little bit of discipline, a little bit of point of difference with those salesmen, who couldn't say, "Well, what the hell, I'll sell it to the next guy," and then he'd load the next guy with wine. That's great, except you probably wouldn't sell him again for two years, see? So I tried to really work it out.

Conservative Pricing

Jacobson: What about pricing considerations in those days?

Knowles: We were selling all we could make. I wouldn't raise the price on the altar wine, because I knew the priests couldn't afford it. I knew if we didn't sell the altar wine we could sell that wine probably as commercial wine; it was the same wine. But I didn't think that was ethical.

So what I would do is say, "Well, I know we can sell more Cabernet." We didn't have Rutherford then; we had regular

Cabernet, as it was called. And we had Georges de Latour [Private Reserve], and also Pinot Noir, Chardonnay, burgundy, and chablis. I wouldn't raise them all. I would raise the one I thought could bear the traffic. Let's say for some reason we needed \$80,000. It was a lot different then, because it was just one lady, not seven million stockholders. I would just balance it that way, and say, "It's about time we raised the price on a certain wine."

They kind of still do that, of course, but they don't care where the wine goes, as long as somebody takes it out of their hands and then sends the money back. I cared where it went. Like in Cleveland they said to me, "Legh, I'm going to tell you something. You raise that Cabernet one more nickel, and don't ever come and see us." When that happened, that wine was \$1.65 a bottle, and today it's \$10. So we didn't do it in big jumps; we didn't do it all at once. We never made a killing in the old days. We took it as Cardinal Newman said: "Dear Lord, one step at a time."

The pricing was really and truly quite conservative. I was given credit for holding down the price, making the value a good one, because we didn't raise the price until we needed the money for some special reason and we had good cause. That sounds to me not commercial, and it wasn't, because I really believe that anybody is kidding himself if he dreams people are going to go around drinking thirty-dollar-a-bottle wine every five minutes. I don't even do that.

Does that answer the question? It's almost a different kind of policy. We never raised the price to be elegant. I never did. When I came to Beaulieu, the price of Georges de Latour was \$2.50 a bottle, and I raised it to \$3.00 a bottle. It's twenty-six bucks today. Of course, inflation did a lot of that. A friend of mine in New Haven, Fred Bassett, said to me, "Boy, Legh, you've done a lot of crazy things in this business, but you have just priced yourself right out of the market, as far as I'm concerned." [laughs] That was in 1962.

Restaurant Wine Lists

Jacobson: What about restaurant wine lists: did you have any special concerns about how Beaulieu wines were presented on a wine list?

Knowles: I always did. There still is disagreement about that. I think the reason you sell wines in a restaurant is because of the mass sampling opportunity. You go out on a date and you have fun, and that night you had some wine and it cost you twenty or thirty bucks because it was a special situation. Then when you go into a store you buy it and see that it is ten or fifteen bucks. I think the mass sampling opportunity is what the restaurant is.

If I have thirty million bucks worth of wine at the FOB winery price, in order to sell it all in a restaurant I have to extract from the consumer about \$100 or \$125 million. He has to spend that much money on Beaulieu, and I'd only get \$30 million, because I don't get those intermediate mark-ups which the restaurateur and wholesaler get. But if I sell it in the store, it's about 50 percent more, and we only have to extract \$45 million from the consumers. Now, the consumer has only so much money. He has discretionary spending. That's my feeling.

I do think there are a lot of places today that overprice, because the people are not thinking, or they're not hip yet; this is why the business stops. First of all, there are a lot of expense account people. I have friends like that. They come home and they say, "Hey, Legh, I had a lot of your wine; it must have gone for a couple of hundred bucks." "Did you see where the guy tried to sell me the ninety-dollar bottle of room service wine?" See, I think that's ridiculous.

The cost of the wine to them should be doubled, that's all. They don't roast it, toast it, grill it, marinate it. They just pull the cork. That's all it should be. Really, you go right up to the club up here--the wine you and I were drinking? That would cost about thirty-five dollars a bottle. You know what that is down in Safeway? Six seventy-five!

Do I like to sell wines in restaurants? You bet your boots, because wine is supposed to go with food, it makes good food taste even better, and so forth.

Jacobson: But the mark-up is--

Knowles: I think it would be like saying, "Hell, I'm not going to sell any meat, because when you go in a restaurant and order a steak it costs twenty dollars, and I won't sell that many steaks. I'm going to sell it all at Safeway or Lucky's or Vallergera's or Petrini." No, I always thought you ought to control it. I used to try to control it.

All those things I keep on saying: "You must have a lot of problems back there with the food." [They say] "Oh, it's crazy, you never know what those s.o.b.'s are going to do." I say, "You know what you're going to get from us: when you pull that cork, if it isn't right, you just put it aside and get a replacement. I don't think you can do that with the meat or the fish, can you?" They'd say, "No." I ask, "How much do you make? What's your food cost?" They say, "Terrible--40 percent." That means that when they get a buck, the food costs them forty cents. When they get a buck for our wine, the wine costs them about a quarter or twenty cents.

I just did it a little different. I would have a little on-premises business and a little off-premises business.

Jacobson: In your mind the off-premises business is critical.

Knowles: Oh, I think it's critical if you're going to try for any volume. I don't think it's critical if you only have--well, there are so many contradictions. They'll tell you that you're supposed to sell the Château Lafitte in the great restaurants in the world, and you are. But I'll tell you, 90 percent of the Château Lafitte is in somebody's cellar, sitting there. They didn't sell last night fifty bottles of Château Lafitte, I'm sure, to any consumer who drank it and then went to the bathroom and came back to drink more.

Recollections of Otto Gramlow

Jacobson: I wanted to ask you about Otto Gramlow.

Knowles: He was the financial officer, and died about two months ago. He died in November 1988. He was there for years and years. He was there ahead of André. I think he came first in 1936, and he became not only the financial fellow for the winery, but for the family. I think he must have hired twenty butlers, thirty chauffeurs, a hundred chefs.

He was just the greatest guy in the world. I said at his retirement that if we gave an academy award for human qualities in the world, Otto Gramlow would win hands down. He was terrific. A good financial man. Not aggressive. A big, tall man. Richard de Latour used to call him "Giant," because he was so big.

Because I said to Otto once, "You know, Otto, you've been around a long time." He said, "Oh, you've been around a long time." I said, "No, I haven't been around like you. What do you think is a very significant thing that you've learned?" He said, "Well, I'll tell you, the wine business is not half as hard if you bite it off in small chunks." Very smart.

VI THE SALE OF HEUBLEIN

Offers to Purchase Beaulieu

Jacobson: Let's move on to Heublein and talk about the sale and the first overtures that were made to purchase Beaulieu by a lot of people.

Knowles: This was a consistent thing, I'm sure. I only became conscious of them in, we'll say, the middle sixties. That was when the product became popular, and it was a well-known fact that we were on allocation. The market could not be satisfied. One of the reasons was that we didn't have enough land. Maybe we were biting it off in small chunks, or maybe we didn't think too much land was a good idea--whatever.

Then we started getting offers. One of them was from our distributor, who was Young's Market. They said, "We will buy anything you want, put land in there so you can plant Cabernet or whatever you want to plant, and we won't take a quarter. All we want to do is sustain it. Whatever taxes we pay, you pay us the money for the taxes. Only you give us financial credit for this investment so that when Madame de Pins dies we have the first option to buy as a return for all the money we have spent to help develop the company." That was a very unusual situation.

Heublein was into this, too. We said no, we were not interested. But I said, "We want to talk to Heublein, because I want them to be selling agents. I want them to be our sales umbrella. I like them." They were selling Smirnoff, and John Martin was a tremendous guy and friendly with our legal man, Ted Kolb. So that was good.

But then we started getting real major offers--Budweiser, Baccardi, Château Lafitte, Louis Latour--all those kinds of people. They saw this wine coming into its own, and they saw us with this terrific image, apparently making a lot of money.

That was all the way through until we sold it. Walter Sullivan told me we had fifty offers to sell. I think I was involved in maybe seven or eight of them, major ones. The ones I handled were people who knew me, who didn't know the family. They knew me through Taylor or Gallo, or being with Beaulieu. They knew I was a business kind of guy. I would have been a zillionaire had Budweiser bought us, because of the offers they made--the things they would do for me. She wasn't interested. She said, "Would you handle that interview?" I said sure, so I handled the first interview.

She said, "Let's have lunch at the Ritz Old Poodle Dog," which was on Post Street. We went there, and she said, "Oh, how are you, Legh?" I said good, and she said, "You did something this morning." I said, "Yes, I did that interview." She said, "Oh, Anheuser-Busch." "Yes, Anheuser-Busch." She said, "I want to ask you something. Would you rather work for them or for me?" That's the way she handled that one. I said "For you, Madame de Pins." So she never asked me what they said, but, of course, Walter asked me what they wanted to do.

The family was really not interested. I think that Heublein and the people underneath John Martin started making advances to Beaulieu. They convinced Madame de Pins that she would have a lot of trouble keeping the investment solvent because there would be great demands for facility investment. And they were right, because the winery needed money poured into it. But she didn't want to do that. She wanted to protect her family, again--the grandchildren. So they sold it.

There were a lot of offers. I could smell it in the air; I could hear it. You could tell people were interested in wine. In the seventies was when it exploded. Everybody wanted to buy the winery.

Family's Interest in Selling

Jacobson: Had they thought about selling before the overtures were made?

Knowles: I don't think they did. Of course, to this day the land on which the residence sits has not been sold; the family still owns it. Georges de Latour said that the home property will never leave the family until the last grandchild is gone. That would be, in this case, Dagmar, daughter of Dagmar and Walter Sullivan.

Negotiations with Heublein

Jacobson: In your interview with the Wine Investor you said that you started talking to John Martin in '66--that was three years prior to the sale--about getting Heublein involved in selling BV products.

Knowles: I was interested in having Heublein become the sales agent for Beaulieu. I wanted the de Pins to own the company, and I wanted to be the liaison. That's what I wanted, because I knew that Mr. Martin was interested in buying Beaulieu, but the family had told me flat out that the company was not for sale.

I was trying to help the company, which was my job, in getting a sales entry which would be solid. That was my marketing answer to her, to say, "Madame de Pins, you are just not going to hire a million salesmen, because it will cost you too much money. I'll do it for you through Heublein, or somebody like Heublein." She liked Schieffelin, and I liked Heublein. As it happens, I kept talking to those people right to the very end, about their representing us to sell the product, not as ownership. Because I had no idea that the family would sell. Right to the last minute they never indicated they would sell.

John Martin originally said, "I would love to have Beaulieu." I was talking with Mr. Martin about the sales part of it, and I was telling him that there was no way he was going to buy this. He said, "That's all right, Legh." At the time we had some litigation against Black Velvet, a Canadian whiskey of theirs, because they were using the label "BV." BV beat them, by the way. Chris Carriuolo, one of the guys not in the purchase, but one of the wheels of Heublein, later said, "Why do you think we bought Beaulieu? So we could use the "BV" on Black Velvet.

John Martin was good to me. He thought I'd be happy about the acquisition. And, of course, I was. I would rather have had them buy it than anybody else. If I get selfish--if I get talking about money for myself, Budweiser was the best. Baccardi was also very good. Baccardi talked to me up in Seattle, Washington. They said, "Look Legh, you can be sure if this happens that you're going to be very well taken care of."

I think it was handled very well by Walter Sullivan and Ted Kolb.

[Interview 3: 18 April 1989]###

Jacobson: Was the lack of a family successor ever an issue in considering whether or not to sell?

Knowles: Lisa, the family is a very private thing, and I really can't answer that.

VII BEAULIEU VINEYARD UNDER HEUBLEIN, 1969-1988

Capital Improvements

Jacobson: Let's talk about what happened after Heublein bought Beaulieu. It was thought--and I think you've mentioned--that one of the advantages of having a large company come in would be that it would be able to finance a lot of things.

Knowles: That's right. It would be able to make capital expenditures on the winery, on the facilities, which were very expensive. Not necessarily questionable, but maybe questionable from a return on investment standpoint. We knew the wine business was going to get good, but we didn't know that inflation was going to be like it is. After all, we spent \$10 million, we'll say, in 1970 for Heublein. That \$10 million today is worth \$40-50 million in facilities. That took care of that return on investment situation right away.

That's what we did. The winery needed work, and we got into that right away.

Cautious Expansion

Jacobson: What were Heublein's first moves when they came in?

Knowles: This might sound kind of arrogant, but Heublein didn't make a lot of moves; I made the moves. Heublein made moves to expand, but I was always very cautious on expansion. The first obvious

move was to get the winery facilities in shape. I had eight bosses at Heublein, to give you an example. But I was the only common thread through the whole thing, whether or not Heublein was saying, "Do this, do that." I would have had eight different directors to follow.

I was made the general manager, however, to carry out the objectives of the corporation who had put their money in there. The corporation thought it should be very volume-ish. I thought the volume should be controlled. In fact, they didn't like my stance on this. My stance turned out to be the right one, because Beaulieu has been one of the best companies in Heublein.

Marketing Changes

Knowles: Heublein also attempted, as they all do, to change the label. We didn't. There were automatic things--we used to go through them at Gallo, too. Ernest would say, "Well, now we have a new ad agency, now we'll write the copy." The wine people know what to do. The Heublein people were very good marketers. They wanted to have a different marketing program, and they recommended several things, and we worked on them. I took the ad agency, which at the time was Dodge, Delano, and we stayed with that agency until the very last thing I did a year ago with the advertising. I kept that ad agency and loved it.

But the ad agency really was very good with me. They tried to convince me when they thought I was wrong; a very good relationship. But nothing iconoclastic, unless you call my doing the commercials iconoclastic. That's pretty iconoclastic.

Genesis of Radio Commercials

Jacobson: How did that come about--where you started doing the radio commercials?

Knowles: We had a new boss at Heublein, and he said, "I don't think we spend enough up front. I don't think we're investing on the brand." And another guy would say, "Look, we don't make any

money--why are you throwing away anything on advertising?" Mr. Hicks Waldron, then president of Heublein, who was a fine executive from G.E., said, "Look, I don't want to see any print advertising at all. You people don't have the kind of distribution that supports that." That certainly was right. I could not disagree with that.

So somebody said, "What are we going to do with these other people who claim you have to have some awareness?" They said, "We'll do radio. Let's talk about radio." We went to the agency, and they said we were going to do some radio, and we would have Yves Montand or Vincent Price or somebody like that. I asked how much that was going to cost, and they said fifty thousand dollars. I said, "Get lost! I'll do that. First of all, I have more credibility; and number two, I certainly am cheaper."

I had a boss at Heublein at the time named George Camisa, and he said, "You know, Legh, when you're kind of irritated like that, you do have a little resonance in your voice." I said, "Well, I don't know, George." So we started, and we did the radio. We did it for thirteen years. I rather think it's good, because, you see, the wine business was being built on individuals. Robert Mondavi, Louis Martini, Joseph Heitz--you can look at the oral histories of the California people.

My name was not Charlie Beaulieu; I was Legh Knowles--no brand name. So we had a hard time competing against very dynamic people like Robert Mondavi, Louis [Martini], Joe Heitz, and Mike Grgich. To compete against them, I just said we should do radio, and make the people who are really interested in wine, but scared to death, a little less intimidated. And that's what we did. And I'm very proud of that, because that worked. I really think it worked. I think there are people who think it didn't work, but those are the people who would never think that was a good idea anyway. It worked. It really did.

Philosophy Behind Radio Commercials

Jacobson: Can you speak a little bit about the philosophy that you were trying to communicate in the commercials?

Knowles: Oh, sure. That philosophy, really, was that wine was like music--a thing that should be enjoyed. The difference being that in music you work with little round things that are notes, and they have stems. I was a product of my environment. I watched Glenn Miller try to create this harmonization, but what he was trying to create was enjoyment, so people would remember it. I thought that made sense, certainly. I mean, we thought Benny Goodman played better than we did, but Glenn wasn't interested in that. He was interested in the people and how they enjoyed the product. And it's the same thing with wine.

Forty years ago it was wonderful to say, "Come quickly, I'm drinking stars," when you were talking about champagne. But that went out, because suddenly everybody started talking that way. It was such garbage and such garbled stuff. People were impressed with the romance of wine, but really they were afraid of it.

I thought, "Okay, here's another little round thing, and it's a grape; and this grape will produce enjoyment." And the kind of enjoyment is just like the kind of music you would have. The philosophy and policy of the company will be expressed through that little round thing called a grape, just like the personality and the philosophy of the music will be expressed through that little musical note.

That's what I tried to do, and say, "You don't describe this, you don't talk about it--you taste it. You don't talk about music, you listen to it." And that's what I did. I think there were a lot of people who enjoy wine. There seemed to be a little tendency for people to think that if it is that simple, then these beautiful people--the jet set--will not drink the wine. Au contraire. Listen, I know plenty of people in the jet set, and they're just as plain as I am.

There are some people in the jet set who are not plain like me, and I agree that those people are turned off by this "enjoyment" approach. People would write me, "By what stretch of the imagination can you intrude on a classical station and have that commercial?" I would say, "I'm very sorry. I would turn it off if I were you, if I didn't enjoy it."

So that was the philosophy, I think. The other thing was that I really thought that the product was beautiful. Fine wines are not produced at will. You just cannot produce them at will. You cannot produce them for people to drink in the quantities, at least. These should be distributed in all parts

of the country. That was kind of Madame de Pins' philosophy, and her mother's, too. They felt that the wines should be available to everyone.

Resisting Pressures to Change Allocation System

Knowles: Because you can't produce it in volume, at will, I wanted to make sure we had a system whereby certain parts of the wine would go everywhere. We did it that way. We were very careful. This isn't very nice, in a way, I guess, but we didn't send any Georges de Latour to Las Vegas for about twenty years. Finally I sent ten cases in there, and that built up and people appreciated it. Just because it's Las Vegas doesn't mean that they shouldn't drink private reserve.

But unless they helped make private reserve what it was-- its popularity--I didn't think they deserved any. And they never used to buy private reserve in the early days. Some little people, maybe down in Huntington Beach, or some people down in Salinas or Keene, New Hampshire, got onto private reserve, found out about it. I thought that those people should still be able to buy it, even when it got short and everybody discovered this "collector's item."

So we had this allocation system. But in essence it was really a placement system, and it drove Heublein crazy. And it should have. Because they had products like Smirnoff, the largest alcoholic beverage brand in the world. When people bought a lot of Smirnoff, they thought they should be able to buy a lot of Georges de Latour Private Reserve or other Beaulieu wines which were scarce. And they had a good point. But that was not my point, you see. It was pretty interesting.

Heublein went along pretty good, at least the people I worked with, in handling a tough situation. It's hard to do; it really is. Of course we had a pretty good name.

Jacobson: How were you able to convince them that Beaulieu wines should continue to be marketed that way?

Knowles: I don't know whether it's just being obstinate, tenacious, or just trying to find ways to convince them that I was right. I think that's probably what I tried to do. I spent a lot of

time thinking about it. I really worked hard on it. Occasionally I would get someone who would listen to me.

I think if you were to check the people in there, they would tell you it was their idea. I'm sure they would; a lot of them would. But it wasn't. Their idea was to take a beautiful name like Beaulieu and use that name, which had great awareness and quality indicators, and sell some wine--not piddle around as I was doing. It makes sense from their standpoint. They did it with Inglenook.

Role of Corporations in Wine Business

Jacobson: It was thought that bringing in the larger company would really assist in developing the premium wine business for BV.¹ Can you assess how that--?

Knowles: Who said that, Lisa? I remember Frances Moffitt, who wrote in the San Francisco Chronicle, said, "The octopus spreads his tentacles a little farther and takes Beaulieu Vineyard." I thought they felt that the conglomerates, as they were called at that time, were just very bad for the wine business. The thing is that there hadn't been any who had really helped. They really hadn't, up to that point. There were a lot of distilleries who bought wineries, and a lot of them bought them for the alcohol. They really didn't care about the wine business, and why should they? I mean, they run their own life.

But they thought it would ruin it. I don't think it ruined Beaulieu, and I don't think it ruined Inglenook, either. Although I think there's a guy in there now working very hard to see that it doesn't ruin it. On the other hand, I don't know that I wouldn't have done what they did. They had a very big volume-ish product there in Inglenook Navalle.

The corporation very definitely has a lot of strengths that the little companies could have. A lot of strengths. Every department you could name, whether it be legal or public

¹See pages 50-51 of Louis A. Petri, The Petri Family in the Wine Industry, an oral history interview conducted 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1971.

affairs, or finance, or marketing, or research, or production--if harnessed properly, it has to be helpful to a small company. I think that's what we did.

In fact, the R&D guy was a very good friend of mine. He was not forever trying to change the wine. And the marketing guys, they were not forever trying to change the label. They were at the beginning, but we got to where we had an understanding. They followed my point. I didn't win all the arguments, either; I don't mean that I did. I learned a lot from them, too. But I don't think that people consider the fact that a large corporation owning a winery is a beneficial thing.

It was in our case, I'll tell you that. I think Madame de Pins had the financial capability of spending as much money as Heublein spent, but I don't know that she had the desire. These other people had the desire because that's their business, to use capital to make more capital. To satisfy the stockholders, whatever they want to do. The stockholders want to grow.

Whether Madame de Pins wanted to grow is something else. I think she would have liked to grow, but she was not ready to get in there and grind away. She had at that time three pretty capable people in André Tchelistcheff, Otto Gramlow, and myself running the company for her--and her lawyer, Ted Kolb, and her son-in-law, Walter Sullivan. She had real professional guys. We weren't farmers by any stretch of the imagination.

It was a little different there, too. We were considered fairly worldly operators. We could operate in other companies, big or small. So she had that, and yet she gave that up to sell the company. But she did all right.

Maintaining Beaulieu's Quality Standards

Jacobson: There were, initially, as you mentioned, concerns about a larger company coming in and degrading the label in some way. I think there have been stories about the corporation wanting to put, say, Thompson's Seedless in champagne. Were some of those challenges that you confronted?

Knowles: Not really. I mean, they would never go that far. They are not dumbbells. That's like saying, "We'll put a Chevrolet engine in the Cadillacs." They wouldn't do that, no. What they would do, though, is say, "We think you make an awful lot about the Napa designation. Is it really valid?" And you'd have to prove it. Or, "What about this varietal intensity? The law allows you to call the wine by its grape name if you have only 51 percent of the wine made from that grape"--that was in those days. "Why do you put a hundred? What would be wrong with putting--?" I said, "The wine wouldn't be the same, that's what would be wrong. We have built what you bought--paid your money for, a goodly sum--on the former basis."

They constantly asked, "Why don't we produce more private reserve?" I said, "Because it wouldn't be private reserve." They'd say, "But aren't other grapes as good as private reserve?" I'd say, "Yes, some can be. But either we don't have them or we want to make sure that private reserve has the personality it has always had." They would ask those questions. My job should have been to do what they told me to do, but they didn't want yes-men, they'd say. I said, "Fine, you sure don't have one in me." [laughs]

They would ask, "Don't you believe in synergy?" I said, "I don't know what you're talking about. You have buzz words. I don't know buzz words. In fact, I don't know an awful lot. I just know that 75 percent of the new placements are made on the fourth attempt or later, and that if you try once, twice, three times, and stop, you have lost 75 percent of the opportunity. It's the same way with procuring grapes, with making wine, getting to an ad program. You have to be tenacious and persistent, and that's what I'm going to be. You can be my guest--"

All they would have to do--and they came close--was just to take me out of there. But they didn't take me out of there.

Jacobson: They were lucky to have you.

Knowles: They were lucky, because they didn't pay me much. They really were lucky.

Personnel

Jacobson: Were there organizational changes when Heublein came in?

Knowles: That really didn't occur. It didn't occur at all. They asked me to make the management meetings in Hartford, and I said I didn't know how I could do my job--pay attention to Beaulieu--and do that. They talked about whether we needed a marketing manager, and I said, "Absolutely!" Then they told me about a bunch of people, and picked one who was absolutely magnificent--Jeffrey Fox. He was great.

Then I had bosses who were just good guys, and I had sales managers. We had sales divisions. Charlie Herbert, the president of Smirnoff, one of the greatest guys in the world, would spend an inordinate amount of time getting our product someplace where I wanted it. I mean, that's really helpful. These were sensational salesmen. From that standpoint, they were great, really great. Dr. Joe Servadio in R&D was very helpful in whatever we needed. Howard Blake in packaging was involved not so much in the label design, but in the bottles and the corks and the closures; getting us label machinery which would get the job done better; getting us nitrogen sparging, which would help protect the wine--things like that. They were really good.

I had all these wonderful friends. At this retirement celebration they had for me, that's who I invited--all those people who really helped me. They were not necessarily all chairmen, but they were the guys who got the job done. They really were. They were wonderful. A lot of them are dead, too.

So I can't complain about Heublein at all. I don't know what the family thinks; that's their business. But I can tell you--I would have made more money a lot of other places, but the Heublein operation was good. I was one of the people who thought that they had a marketing sense and a quality feel which was beneficial to Beaulieu. It turned out to be the truth.

John G. Martin, for example, is one of the greatest quality men who ever lived. Really. You hear all kinds of things about who acquired Beaulieu for Heublein, and I've got to feel that John G. Martin did.

Demystifying Wine

Jacobson: Let me ask you another question about the radio commercials that you did. It seemed like a lot of it was pointed at demystifying wine.

Knowles: Yes.

Jacobson: And a lot of it was really a wine education effort for the public. Can you speak about some of the educational dimensions?

Knowles: The educational was kind of de-educational, you know? You don't really have to know what the sugar-acid ratio is to enjoy the wines. In fact, I can't tell you right now, after forty years, what the sugar-acid ratio should be. I think I could find out; I've got books here. I could tell you in three seconds if I go in there, but that's not necessary. I wanted the people to think they didn't have to go to Davis to drink wine. I'd like them to go do Davis, but they don't have to. They have other things to do. You don't have to go to Omaha to eat steak. They put it in their mouth and chew it, and if it's tender, if it's juicy, if it's flavorful, it's good.

From that standpoint it was educational. Some people think that talks down. It doesn't talk down to the general consumer. It talks down to the collector, maybe. But I'm not going to educate the collector. The collector probably could educate me. He really couldn't, but he sure could tell me a lot of things. You know, collectors have a lot of knowledge. Gerald Asher, one of the great, great writers, I think, always says, "The trouble is, the people talk about the nuts and bolts." They talk about the nuts and bolts of the wine business instead of talking about the enjoyment and how the wine tastes.

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Knowles: Yes, I think it was a de-education. For example, I think it's ridiculous to hold a glass by its base and walk around with cramps in your hand, just to look like you're a wine aficionado. Or to sniff with the left nostril, or to bow your head. They do these things! Or to swirl all night. You're not supposed to swirl--you're just supposed to swirl it a couple of times just to aerate the wine so some esters are

released in the wine. You're not supposed to do it all night, but they do it to show that they're hip.

Well, if they get jollies out of that, terrific; that's fine. But I'm not going to get on the radio and say, "The main thing you have to do is to be sure you learn how to swirl the wine." I said the opposite, because I think a lot of people came to that same conclusion: "Why do you have to do that all night?"

Public Relations and Public Education Efforts

Knowles: I really thought we had a hard road in public relations, because we were owned by a corporation. People read that we were owned by a corporation. The competitor was forever telling people we were owned by a corporation. That's why I wanted to identify myself. That's why I even identified myself sometimes rather as a musician. But I always identified myself as a long-time Beaulieu guy. When people asked how long it takes to make a fine wine, I say "Eighty-nine years, because that's how long we've been making it." That part is PR and education.

Jacobson: Aside from the radio commercials, what other kinds of PR or public education did you do?

Knowles: Well, I was forever making speeches, just doing it all the time. And most of the time, really, just face-to-face salesmanship--convincing people that this was a great product, and they would enjoy it, and it would be profitable, if they were in the wine trade. Or it would be prestigious, or something else. I did a lot of little things with a lady named Thelma Groeneweg, who was just unbelievable. She was there thirty-nine years. She knew that business backwards and forwards. Thelma and I--I don't know how many people they would have to have now to do our work; I think quite a few. Maybe not.

Thelma and I were doing booklets. We pushed things like how to read a wine label--little things like that. We didn't have enough money to do advertising. We did the advertising when we got to Heublein, and Heublein didn't really care. I guess they cared, but they really didn't know how much money we were making. That lady [Madame de Pins] knew, you see, because

it was going "dans la poche"--in the pocket. This was her business. What we made, she spent. Or she didn't have to spend it; she had other money, too. But she knew what we made.

Heublein would look at our figures and be preoccupied, because suddenly the José Guervo brand is selling seventy times more, you see? That's the way it goes.

Changes in the Distribution Network

Jacobson: We talked about this a little before, but maybe you can tell me more about how the distribution network changed under Heublein.

Knowles: The trick was to get distributors who would pay attention to the wines. A big distributor wouldn't pay attention to the wines because he paid attention to the things that made him the most money, the things that required the most time. At Beaulieu I personally went and got small distributors who had enough time. Maybe they didn't even have but two or three salesmen, but I knew that those two or three salesmen would be working on Beaulieu because they had little else to sell.

We protected those people right to the very end of my time; after Heublein bought us we protected them. They were very good about that. But there were too many occasions where in the market we were just getting lost. And now there were distributors of Heublein--Smirnoff distributors who were vaunted, who said, "We want that product." I said, "You want the product because you don't understand what you have to do. You have to do selective selling." They would say, "Oh, we like that, and we understand that." Then we would put them in there.

After a while, as we got into a little more volume--without sacrificing the quality--we needed actual sales effort from the Heublein people, and we got it! Because we had very special guys, like Charlie Herbert I told you about, and Ed Horowitz, who was the sales manager for Smirnoff. He'd call me and ask, "What do you need, Legh?" I'd say, "Boy, I don't like that Chicago. We have ten accounts there that--" and he'd say, "You've got it."

So, you see, the distributing network had to be changed to their control before that could happen. In other words, what

happened is that we got more Smirnoff distributors as time went on. Our other people either just got older and went out of the business--we didn't drive them out. There was one man in Chicago, and I arranged for him to be purchased by another distributor. I arranged also for him to run the Beaulieu side of that business, and he was very happy. Because he could see that the wine business was changing, and he was vulnerable because he was little. This thing worked out pretty good.

BV still has distributors, like the Hammers in Cleveland, who were put on in 1916. But, of course, the distributor network has shrunk in all alcoholic beverage lines, because it's so hard to do business profitably. It costs so much to bill and warehouse and ship and sell. It costs a lot of money--truck drivers and all that stuff.

Jacobson: When did it start shrinking?

Knowles: I don't really know. I think the shrinking has been in the last ten years. It could be more. There were indications. It's according to how much in touch you are. I could see it. I could see it shrinking.

Then suddenly for a while everybody was in business. Everybody wanted to go into the wholesale business, and then they found out that, aha, it takes a lot of effort just to be in this business. Just like the wine business--everybody wants to be in the wine business. Hanns Kornell said to me one time up in St. Helena, "Hey, Legh, you find this business very easy?" "No, Hanns, I don't find it easy at all." He said, "Why the hell are all these people getting into it?" That's the truth. That's really the truth.

Three Cabernet Styles

Jacobson: We talked a little bit about how the idea of the three different Cabernet labels came about, but I'm wondering if you can talk about it specifically in the context of Heublein.

Knowles: I'll go back to one of your questions which I really didn't answer. Right away, one of the things that Heublein was very concerned about was grape supply, and they should have been. You asked about their wanting to put Thompson Seedless in champagne--no, they didn't, but when they established a grape

procurement arm in Napa Valley and suddenly we had all kinds of Cabernet and all kinds of Pinot noir, they wanted to put Cabernet grapes in the private reserve that were of different character.

Well, that's the problem. You have all kinds, but the customers aren't waiting in Cincinnati saying, "I wonder when that grape procurement arm of Heublein's is going to produce the wine I want?" And you call them up and say, "Now," and they all drink. That doesn't happen that way. So we had an awful lot of Cabernet. What do you do? Do you expand what we called regular Cabernet then, or do you expand the Georges de Latour Private Reserve? Well, there's no expanding it. If we could have had more Georges de Latour, we would have had more Georges de Latour. There wasn't enough wine which had that character to be called Georges de Latour.

This was a problem, and I had the problem. They said, "Legh, you're pretty sticky." I said, "I really think that you ought to have three gradations of quality. I think that the grapes have different personalities; therefore, the wine should have different personalities. Also, it's extremely convenient from a marketing standpoint to have three different price entries. They say, "What do you mean?" I said, "This is not exactly it, but in France it's called premier cru, deuxieme cru, troisieme cru." Hicks Waldron use to call it Legh's "parlez vous Francais" marketing plan. It really wasn't. I knew that rather than really louse up either regular Cabernet or Georges de Latour, it would be better to make a lesser product.

Additionally, we had a grape called Merlot, which in France is used for blending into Cabernet. So we used that, and we had this third wine. There wasn't an awful lot of difference in the cost, but there was a little reduction. Anyway, what are we going to do with the grapes? Sell them as bulk? We're not going to put them in private reserve, so we put them in this product. The agency, which was Marschalk, gave us five hundred names, and we picked Beau Tour--Thelma and I and a couple of the marketing guys like George McCarthy. Because we had a couple of marketing people at Heublein working on BV.

Mrs. Sullivan thought that was terrible, because it can mean "dirty trick" in French. I said, "Well, people think it means 'Georges de Latour'." Boy, that was wonderful, and that really worked, because it didn't cannibalize the other

products. It actually helped them. It kept people aware of Beaulieu Cabernet, that Beaulieu did have Cabernet. In fact, Beaulieu had three Cabernets.

That's when we had the problem of my calling it "regular" Cabernet, because I couldn't stand to say "regular" Cabernet one more time on the commercial. I said to our marketing man, who then was Dennis Fife, "Dennis, get on the phone and see if we can't call it Rutherford, or something like that." He said yes, we could; so right at that minute, on that date, we called it Rutherford. And, boy, that baby really went! We're lucky we had these grapes, but we did. So that's the way the three Cabernets happened.

I'm sure by this time there must be a hundred people who would tell you it was their idea, but it wasn't. When the ideas click, it's their idea.

Beaulieu Brandy

Jacobson: There were some new products that BV introduced--brandy was one.

Knowles: Yes. That was one of the very first things. Heublein was involved with a company called California Grape Products, and they had a lot of wonderful brandy material. I remember André Tchelistcheff and Joe Prochaska, who was then the R&D head of Heublein--had been for years and years--did something like eighty-two blends, and came up with a marvelous, marvelous brandy, which we called Beaulieu Brandy.

Everything was fine, but the salesmen--here you go--. They listen to me about wine, but when you get to brandy, that's alcoholic; that's distilled spirits. And they're telling us, "Hey, man, we can't be fooling with that." The sales organization just did not latch onto it. Because if they're going to work on liquor, they're going to work on Black and White scotch, they're going to work on Black Velvet, José Cuervo, and Smirnoff. They're not going to work on any brandy--although they should have worked on the brandy.

Oh, it was a wonderful brandy--good looking label, I thought. And we had this material that the company had bought, because Heublein had bought California Grape Products. I think

maybe your oral histories cover California Grape Products, doesn't it? That would be Harry Baccigaluppi¹ and Horace O. Lanza.

The thing was, though, that after a while there was no more of that beautiful brandy material, either. We had used that up--it was a product of the grape. So then we said, "Let's make a real great one, one which is pot still." So everybody started working. We wanted a brandy which was aged in Limousin oak, and we wanted it to be made from certain kinds of grapes, like Ugni blanc and something else--Colombard, probably. We fooled around with it, and got the help of a marvelous, marvelous man named Dr. James Guyman of Davis, probably the foremost brandy authority in the world.

Everybody worked on this thing. It was kind of stout, as my father-in-law would say, but it was a marvelous product. Again, we just could not get the sales effort for it. Also, we couldn't produce it in quantity, and it was a complicated product. I thought it was wonderful to have that, but I could see that at this point, very early, we had better start thinking about Cabernet and things like that. Let's stay in our own backyard. If we've got problems, let's solve those, and then later solve the brandies, too.

The brandy was a product which was absolutely great quality, but under all the circumstances was just not a product we could work on. Because we were working so hard to fine-tune our own wine business, we couldn't fine-tune the brandy business, too. And Heublein, while they were interested in looking the other way to let us fine-tune the wine business, would not pay any attention to that brandy. That brandy ultimately went into, believe it or not, some Heublein ready-mix cocktails. Isn't that something?

¹Horace O. Lanza and Harry Baccigaluppi, California Grape Products and Other Wine Enterprises, an oral history interview conducted 1969, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1971.



In the Beaulieu gardens, from left to right, Marvin Shanken, publisher Wine Spectator, Impact, Market Watch; Barry Blake, BV brand manager; George D. Hammer, BV distributor; Carl Cannon, financial columnist, Los Angeles Times; Dennis Fife, manager, sales-marketing, Beaulieu Vineyard; Legh Knowles, president, Beaulieu Vineyard, 1980.

Spätlese

Knowles: Now, the Spätlese is different. That is the great maestro again, André. We are now in the corporation, and we have an arm called United Vintners, and we have Heublein, and we have Beaulieu. Here we are over here, and I'm sulking because I insist we are not part of anything but Beaulieu. But suddenly now, this is the first vintage, and in come some over-ripe grapes. They were Johannisberg Riesling grapes. The manager of United Vintners says, "We don't want them." And somebody says, "Fine, Beaulieu doesn't have enough grapes; give them to Beaulieu." So we went through that one, and it was terrible.

Finally, André agreed to take those grapes and try to make something out of them. We started on the labels, and strangely enough the government wanted us to call it Spätlese, which means "late picking." So we called it Spätlese. And the wine was an immediate hit. It also had a little allure to it--we didn't have too much of it. We didn't get much for it. I forget--\$4.50 or five bucks. But it said, "Beaulieu Spätlese." It was really the first product, I guess, that we had brought out during Heublein's time, and it was great.

Then the government said, "You are in violation by calling it Spätlese." They finally determined that we had to call it "late harvest." By that time, André was ready to leave, and I really didn't have any interest in it; it was a sweet wine and so forth. So I just didn't push it and let it wither on the vine. It was a good wine, though. The wine became very valuable.

We didn't pay the growers much, because if we hadn't fooled with it, and André hadn't been willing to experiment with it, it would have all gone bad. The UV guy said to me, "Hey, Legh, what did you ever do with those rotten grapes?" [laughs] I said, "That's dirty pool, Dick; we did you a favor."

Marketing Magnums

Jacobson: BV came out with "Classic Magnums"?

Knowles: I didn't think they were called "Classic Magnums." I think maybe Paul Gillette in his interview with me said, "You destroyed the 'Classic Magnum'." There was a very big market for house wine, wine by the glass. Obviously, you had to have a good price on it. So they said, "Beaulieu ought to be able to do that." Time and time again we had terribly bad arguments, and finally I said, "All right, we'll go into that, but we'll go into it under certain circumstances. First of all, it has to be in a magnum instead of a jug. Number two, it has to be either Chablis or Burgundy; it can't be red or white"--although it could have been red or white; Bob Mondavi didn't do bad with that. But we went with Chablis and Burgundy. "And it won't have a vintage. And we'll see what happens. However, after it's on the market, I ask that we have a very legitimate consumer research study and find out whether or not this thing is really worth it."

We did exactly that. Tom Selfridge worked on it a bit, but I involved Dimitri Tchelistcheff, because he's extremely experienced and a great guy. He located some wine in various places, and also we were able to get some wine from our own corporation. And we put these wines out. I want to tell you--we started with a very low price. We sold it all out in like five hours. Really! [laughs] Because people said, "Beaulieu Burgundy for \$2.99!"--one of those big bottles.

We knew that, and we wanted to see what would happen. So we raised the price, and it didn't do badly, but it didn't go into the millions of cases. Then we did a consumer study which showed that there was some erosion to the Beaulieu image. So I said, "There's erosion, and we're not making a lot of money because to really move this we have to keep the price down." They understood that, so we gave the idea up. I think we kept a few of them, but we gave it up. That's what they call "house wine," or "wine by the glass."

That's when everyone discovered the wine business. They'd walk in and, as a badge of sophistication, say, "I'll have a glass of white." That made them real chi-chi, tony people. That bugged me bad. They asked why I hated that so much, and I said, "If they came in and said, 'I'll have a glass of Beaulieu Chablis or Mondavi everyday wine,' fine, but just to think they've finally discovered it--" You still hear them say that. Imagine if they were in a restaurant and said, "I'll have a plate of red meat," or "I'll have a plate of white." Right?

Sauvignon Blanc

Jacobson: Were there any other new products?

Knowles: There was a new one, which is on the market, a Sauvignon Blanc. We just added that to the line. It's a traditional wine, and Tom Selfridge liked that variety. He worked hard on it, and we put it in the line and it did well. It is a very good-tasting wine. My contribution was that I said, "That wine drinks easier than any wine in the world--you can drink that wine and swallow it, and it goes down great." Instead of talking about its "vinous characteristics," I said it really drinks easy. And it does.

Beaulieu Collection

Knowles: At one point, Lisa, we started a lot of things. One was experimentation on a Cordial Medoc. A Cordial Medoc would have been Cabernet Medoc. That would have been a liqueur. We would have made it from Cabernet. We also tried a lot of other products. We had what we called the "Beaulieu Collection," which was the agency's idea, and I didn't think it was too bad. They said, "Legh, if you object to Beaulieu putting its name on anything because people will think you made it, and you don't want to make it, would you think it's possible that we could collect products and put them under the Beaulieu umbrella?" I said I thought that would be great. So we had the Beaulieu Collection.

The Beaulieu Collection had a lot of products, like Muscat de Frontignan. Any product on the market which had any popularity, like Schnapps, we could get, because Heublein had marvelous connections. We would just put it in the Beaulieu collection. But we really never did that, and it's a good thing we didn't, because that would have endangered the whole image of Beaulieu.

The greatest one, I thought, was kir. I said, "Why don't we bottle kir?" Oh, boy, we worked. André was there then, and so was the chemist, Miriam van Gelderen. I remember we had this damned cassis, and she was adding it one drop at a time until we got the right kind of mixture between the Chablis and the creme de cassis. We didn't want the sweet kind, and we

worked on that. Cassis was sweet, so most people thought you would get a sweet drink. But we had one we thought was great, and people liked it. We'd put two more drops in and taste it again, add two more drops and taste it again--André, Miriam, and myself.

The problem with that one was that we didn't have enough Chablis to sell, number one; and number two, we couldn't stabilize it. André and Dr. Peterson said, "We can't stabilize the wine," so we didn't put it out. I think that would have been great, because that's when people were getting to wanting to drink wine. This wouldn't have been cloying; just short of it.

I had a boss at that time who was extremely imaginative. His name was Chris Carriuolo. He'd give you seventy-five ideas in two minutes. He was fun to work with. He was one of the guys I worked with when we were first talking to John G. Martin about having a selling agent. He was a friend of mine and a real sales guy. He died not long ago. Made seventy zillion dollars, and I'm glad he did.

I also always wanted to have a rosé with a red Mandarin Chinese label. We started on it, but we never really did anything with it. I think that would have been really sensational. But all these things you had to worry about, because you didn't want to take away from the image of Beaulieu.

So we had a lot of products--kir, and the brandies, and the Beaulieu Collection. But we never put them under the umbrella of the traditional wines, because I always thought Beaulieu is the traditional wine business. Sauvignon Blanc was kind of traditional. But you'll notice we never had Zinfandel.

Winemakers and Winemaking###

Jacobson: I wanted to ask you about the winemakers at BV. There have been so many absolutely wonderful winemakers there. Did Heublein ever try to direct their efforts, or was it pretty much hands off?

Knowles: There was really nothing to direct. It's like Joe Heitz said in his oral history, "Why are they talking about this

winemaking, winemaking, winemaking? If you taste the wine and it doesn't taste right, you get another grower."¹ That's a fact. We never manipulated the wines. When André left, I thought--and he recommended--that we should have a cellar practices manual, and my friend Dimitri Tchelistcheff wrote it.

That cellar practices manual, while it isn't a recipe book, was just basically a recipe book. I think that Tom Selfridge is too experienced at BV to have to look at that, and he's going to do it the BV way. He's not going to depart from that. And neither was Theo Rosenbrand, who was ahead of him as winemaker. When André left, Dick Peterson was there, and then Dick left because he was a very ambitious Ph.D. Then Theo Rosenbrand became the winemaker. Theo had been in the cellar twenty years. Theo left in 1978, and Tom became the winemaker. Tom had experienced the results of many great BV winemakers. Better to focus on all the detail and demand excellence, which he did.

The winemakers would say things like, "Not ready to drink." There were all those things they were looking at all the time. It was just one of the ten thousand decisions that the winemaker makes, but he makes them against the policies of the company. Where they could have loused it up--you've already alluded to it--was by not giving us time to finish the wine, by using different fruit composition, and that sort of thing. That's when I was really there, buddy; they're not going to change that.

Joe Servadio would have been the guy to indicate that changes be made. He was Heublein's R&D man, but he agreed with our philosophies. Occasionally there would be somebody from United Vintners or Inglenook who'd say, "Taste the wine--it's got a little v.a. [volatile acidity] in it." I said, "I don't even know what you're talking about, so why don't you talk to one of the winemakers."

I want to mention this to you: Frank Priol wrote an article in The New York Times. He made a statement about the Living Legend people--I'm very proud of being one of those,

¹See page 13 of Joseph E. Heitz, Creating a Winery in the Napa Valley, an oral history interview conducted 1985, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1985. Mr. Knowles is paraphrasing.

because I'm the only one who's not a winemaker.¹ And that's what Frank Prial said. There's one school in the wine business that says any jackass can make wine. Now, that's not the truth, but what they are saying is that if you give them lousy grapes, they can't make good wine; you give them good grapes, they still can make lousy wine. But they can make good wine, too, if you give them time and the winemaker is any good.

Obviously, my perception has got to be entirely different from anybody else's. In fact, it is all the time, even with the man I hired, Tom Selfridge. It's just different. He thinks certain technical matters are very important, while I may give them less importance. Meanwhile, we'd better sell the wine, or we won't have any money to carry on any technical change or anything else.

At a luncheon last week there were several UC Davis people in attendance, and in our conversations they kept saying, "Leigh, isn't that marketing?" I said, "You act like marketing is a cardinal sin." I said, "Nothing happens until somebody sells somebody something!" All the stuff is for nothing; all the vineyards, all the architecture of the winery, is for zero unless somebody sells something.

Many feel that selling is beneath them. Ernest Gallo doesn't think it's beneath him, I'll tell you that. He's right out there in it, because then he knows more than anybody else knows. That's the way I was taught. I mean, I'm not up there tasting the wine. If the wines taste good, and we give the people a chance to buy it, we'll find out.

Membership in Napa Valley Vintners' Association

Jacobson: Was Beaulieu a member of the Napa Valley Vintners' Association?

¹The Napa Valley Vintners Association honored twelve of its members, each having dedicated more than twenty-five years of service to the California wine industry, with the honorary title, "Living Legend."

Knowles: We were certainly among the first three or four members, that's for sure.¹ When I came to Beaulieu--by the way, that's twenty-eight years ago; it was on tax day, April 15--I came up to a luncheon with the family. But I also went to the Napa Valley Vintners down at Jonesy's. It was one of the greatest experiences I ever had, because I loved all those people. They were great--John Daniel, Jr., telling me to order Jonesy's special potatoes. Here are these wine guys, and they're talking about things like that. And I knew that's the way they were. Roy Raymond was telling me how to make olives. Nobody was saying, "Did you get the sugar-acid--" and all that jazz. So they were wonderful.

Otto Gramlow became the president of Napa Valley Vintners, and then Heublein bought us. Somebody in Napa Valley Vintners said, "Well! Heublein is going to have to decide who is the member--Inglenook or Beaulieu." And I said, "Are you kidding? You've got two Mondavis sitting there from different companies." I said, "Gee, after all these years?" They asked what they should do, and I said they should write a letter to Stuart Watson, the chairman of the board, and they did.

Stuart Watson called me, and he asked what I thought. I said, "Mr. Watson, I really think that's terrible. We're only going to help, that's all. Do you think that we and Inglenook would gang up? It would be a pretty weak organization if we could do that." He said "Well, what do you think?" I said I didn't know. "Well," he said, "I just threw the letter in the wastepaper basket."

Then we didn't join for a long, long time. They were after me, after me, calling me the most obstinate s.o.b., and so forth. Finally--I think it was Joe Heitz--somebody changed the rules so they could let us in. They claimed the rules stipulated that you could only have one member. So we're in it; I guess we're in it. I have only been to one meeting in almost twenty years. I went there because I was the chairman of the Napa Valley Symposium, and I made a talk to tell them what that was.

¹Louis M. Martini recalled that the original members were "me and John Daniel [Jr., of Inglenook], Martin Stelling, and Beaulieu and one other," page 42 of Louis M. Martini, The Martinis: Winemaking in the Napa Valley, an oral history conducted 1967-1973, Regional Oral History Office, The Bancroft Library, University of California, 1973.

Jacobson: Was it valuable when you were in it, before Heublein took over?

Knowles: I'm sure it has to be valuable from the standpoint of lobbying-- collective issues, standing on one position. But I don't know. Joe Heitz said it in his oral history. He said that Bob Mondavi says we don't compete against each other; we compete with each other, which I think is good. But I frankly think that when you talk about marketing and making the product known, buddy, you better get up early. You better protect your flanks. The solid vintners are inclined to try to take the initiative and get every break they can get.

Membership in the Wine Institute

Jacobson: What about the Wine Institute: BV was part of that for--

Knowles: Yes, and then BV went out of that. They just elected to; I had nothing to do with that decision, nothing at all. In fact, I didn't have anything to do with the other decision, either. That was the decision of the Napa Valley Vintners, and Wine Institute was the decision of the corporation [Heublein] and the legal people, I guess. They claimed that we had to be out of it because United Vintners was being investigated by the Federal Trade Commission. The lawyers said we weren't supposed to be members of any trade associations.

I started, as you know, with Wine Advisory Board, which is an arm of Wine Institute. Actually, Wine Institute was an arm of Wine Advisory Board.

Jacobson: Was the Wine Institute valuable?

Knowles: I think the Wine Institute was very valuable from the standpoint of lobbying and trade barriers. I also think the Wine Institute was very valuable when we had the Wine Advisory Board activity--when guys like me were running all over the country telling people that wine is the pure, naturally fermented juice of fresh, ripe grapes. You know, the "It's a temperate, moderate mealtime beverage, companion to food" spiel. I mean, we got too sophisticated. That's why I say we really got too cute.

So I think yes, it was beneficial. I see now where they're going to have some "seed" for two hundred thousand

bucks. I think that "seed" is to go against the prohibitionists. They had another "seed," which Julia Child worked on recently--in the last two years. I think the wine growers and the wine producers got together and passed a law which required that everybody participate in providing a fund which would be used for promotional purposes, and they hired Julia Child. Julia Child is terrific, but while she is talking to a good audience, both on TV and in her marvelous books, a lot of the audience is not inclined to spend the time to cook the wonderful Julia Child way. A lot of people just like to talk about food and wine. You can't show off any longer; you've got to work at it. You've got to tell the people, "This is a terrific product. It makes good food taste better. It's nature's own tranquilizer. It's very, very enjoyable."

VIII WINE MARKETING TODAY

Strengths and Weaknesses of Various Marketing Approaches

Jacobson: Let me ask you some overview questions. What would you say, in terms of marketing, wineries are doing right and wineries are doing wrong?

Knowles: I think what they're doing right is that they are putting products out which are enjoyable and simple and priced right. You just don't have to say Burgundy and Sauterne for a wine to be simple. The "fighting varietals" is what they're called today, which means wines which are called by grape names, which are priced pretty good and taste very good. People stand a chance of drinking those regularly. Who can afford to drink higher priced ones regularly?

The guy down the street gets a better chef to come to his place, gets the architectural award--all that stuff, that's what they do today. This is not explosive marketing. This is "My father can lick your father" kind of marketing. They're trying to create attention, and that's good. But when they finish creating attention, all they're doing is knocking somebody else out of the way. They're not creating any more new wine drinkers, in my opinion. That's what I think is wrong.

I think it's not simple enough. I tell you, when you go to France or Italy or Germany, where wine is common and everyday, they don't make speeches when they drink the wine. Here they say, "I find it so-and-so." Over there, they don't say that. They make big noises [gurgling sound] out of their mouths, they gurgle it down, and they have another one and eat. They don't make speeches about the wine.

People ask if I would commentate on a wine. I said, "Commentate? I didn't even think that was a word." This is a very big man, and he says, "Sure it is." I said, "I wouldn't commentate at all." He said, "You wouldn't?" I said, "No. Can I commentate on the soup course, though? I'd like to do that." Of course, I know about as much about soup as you know about wine.

So I think they just complicate it. I think there are marvelous wines made. I think the price of the land is unbelievable, which makes the price of the grapes unbelievable, which makes the price of the wine unbelievable. I think you can have a little of this, but everybody now figures he's going to get forty thousand dollars an acre. And everybody thinks he's going to get fifteen hundred or two thousand dollars a ton, and everybody thinks he's going to get twenty dollars for his bottle of wine. He's going to get a little bit, see.

The problem is that as long as that goes on, it'll work. At a recent luncheon I attended, Eleanor McCrea of Stony Hill was one of the guests. I said, "I'm going to sing your praises all over the world." She's got a waiting list for four years, and the wine is sixteen bucks a bottle. She could easily get thirty or forty or fifty dollars, because she's got competitors all around her who just started in the business and are getting twenty or thirty dollars. And here's Eleanor McCrea with the greatest Chardonnay in the whole place, and she's getting sixteen bucks for it, and there's a four-year waiting list. She said, "Legh, please don't make waves," and I said, "Okay." [laughs]

Advantages and Disadvantages of Being a Conservative Player

Jacobson: Beaulieu hasn't changed a lot of things. The labels always stay the same, and it's kept its fine tradition of quality wine making. Is it hard to be a conservative player in such a competitive market?

Knowles: Oh, I think it is. We were constantly criticized for that label. People say to me, "Legh, I'm surprised at you. I'd think you'd get off the dime. What's the matter?" When I went with Gallo, that was kind of a fast track, but I just don't think it's required here. Of course, BV's selling 450,000 cases. That's a pretty good success story. BV owns all its

assets. Boy, I'd love to own it, I'll tell you that. You and I, Lisa, we could make a few bucks with that.

It has been hard. As I said in that Wine Investor article when asked what I would do if I were younger, I would not restrict the grapes to Napa. I would have Cabernet with all these personalities. I'd have Cabernet from Washington, Oregon, Tepusquet, and all over. And I'd say to the consumer, "We really know what we're talking about with Cabernet."

So that's all. And that's not the smartest thing in the world to do. I don't know what they'll do at BV now. I think they feel there's an opportunity to make it even more trendy, more snooty, more chi-chi than it is. I think they feel I took a little bit of that away. I might have taken it away, but meanwhile on the ranch we sold an awful lot of wine at very good profits. We didn't take it away at all, because I know a lot of great people, and right to the end they were buying it at the White House. I don't know whether they do any more. I was kind of "in" there--not with the president, but with the traveling White House. Did I answer that question?

Jacobson: I think you did. There are advantages to being a conservative player.

Knowles: Well, there are. And I think the timing is important. I think there were distributors with whom we wouldn't be so conservative. The biggest distributor in the world is Young's Market--Vern Underwood. They've been through so much, they just know the benefit of a conservative product like Beaulieu. They're just going to grind in that dough--not a lot, but grind it in. It's like my little investments, you know--\$475 a month here, \$950 a month there. I'm not going to be able to buy Eastern Airlines, but I'm sure not going to starve, either.

I think that's the way Heublein feels about it. And they are a little proud. I think some things should happen. I would have done that Cabernet thing. They'll do some things; they'll make some moves, I'm sure. I think they're trying to image it up.

They picked up the tab for the [San Francisco] Folderol. I wonder how many people who drank that wine that night are drinking it right now. If they were, man, I'd be right down there booking another Folderol.

Establishing a Point of Difference

Jacobson: What about a younger winery that doesn't have the benefit of a hundred years of tradition behind it? How can they go about cultivating a market?

Knowles: I think they have to establish--the very first thing--what I call a point of difference. They have to do something different. For example, if I were going to do that, I would wrack my brains all the time. I think ultimately I could find some very good possibilities of having points of difference. I don't know what they would be, but I'll bet you I could find them, though--the way they would be marketed, or, to get a little attention at the point of sales.

One of the things I would do is that I would have a case of wine which would allow you to have a wine tasting at home. Something like that. I'd just try to buy the best grapes I could, in the most consistent fashion. There are no secrets left any more. We must have had two hundred winemakers in Napa from UC Davis. What are they teaching them--something different? They teach them all the same thing, don't they? I never went to college, so I don't know, but I think that's the case. They all seem to express their own personalities, I guess, but they all say the same things. They haven't changed. You've got to squeeze the grapes, put the juice in a cup, and it becomes wine.

So I think the wine's got to be consistent. The way wine is made good is because you do your job. You make sure that place is clean. That's really the most important thing of all, the hygiene. Joe Heitz will tell you that. Theo Rosenbrand--I asked him how you make fine wine, and he said, "Well, you've got to have good damned grapes. And you have to know your good damned business. Then you keep the place good damned clean." He was the man who replaced Dick Peterson, the Ph.D., when Dick went down to McFarland and then to Coca Cola. I got Theo, our cellarmaster--a union guy!--to be our winemaker. The corporation almost dropped dead when they found out that he was union.

Following the Fashions of Public Tastes

Jacobson: Should wineries follow trends in public taste, or should they try to stick to what they know is good and try to guide public taste?

Knowles: I think they have to go along with the fashions. I don't think there's any doubt about it. Madame de Pins told me that her father said he saw the red-white wine thing change five times in his lifetime. That's interesting. I think the same is true of padded shoulders, or bell-bottomed pants, or long ties. My wife, Margaret, said to me, "Hey, hon, a lot of those guys have long ties on." I said, "I know." Because we all had long ties, and now we all have short ties. We had wide ties, then narrow.

As I said before, Otto Gramlow, who was one of the great guys at Beaulieu, said, "You bite it off in small chunks." So whatever you do, you change it in small chunks. I think tastes do cycle.

I think the guy who has all White Zinfandel in his repertoire has to be prepared to get out of that at some point, or reduce it gradually. We have adjusted, as I said. After all, when I came we were working with forty-three grapes. Now they work with eight or nine. So the industry changed, and we changed with it.

I think you develop one kind of traditional philosophy, and ours has been to make aristocratic types--the Bordeaux types, the Burgundy wines. I don't know that there are so many others now. After all, the Burgundy wines are Pinot Noir and Burgundy and Champagne. I don't think you find a lot of German wines.

Promoting Individual Brands and Wine Consumption##

Jacobson: Is there a balance to be sought in promoting individual brands versus promoting wine drinking in general?

Knowles: Well, I don't know. I think there are certain things which all of us can say which would be helpful to promoting the brand and also to promoting wine drinking. That's what I used to try to

do when I first got in the business. When I came into Washington, D. C., in 1948, and we were supposed to increase the temperate consumption of wine, principally as a moderate mealtime beverage, I met with the guys one at a time--the Wine Advisory Board representatives in Washington--and most of them drank liquor and cocktails, and so did I. I said, "Boy, we'd all better at least drink wine. That's one common thing we can do when we go out. We can drink cocktails and we can drink wine, too.

"Number two, let's all, every month, get on one particular subject. For example, let's all talk about wine being good with cheese. Christian Brothers, or Petri, or Beaulieu, or Martini is good with cheese, you'll say. But we'll all say wine is good with cheese. So we'll have one common thing that we'll work on constantly." And that's what we did.

Or, when we talked to retailers, we'd say, "You know, you really ought to put a little sign here, telling the people why they want it. They want it not because it's \$2.48--that's how much it is. They want it because it makes a good meal taste even better. Why don't you all do that? Put that on my wine." If everybody came in, whether from Christian Brothers, Beaulieu, Gallo, or anybody, and all said the same thing, he'd stand a better chance of that guy putting the sign up. And then you would make more new wine drinkers.

I don't think you lose competitiveness if you all do the same thing. I don't think many winery people will automatically buy that proposition; it would take somebody to sell it to them. That's what I used to do; I used to try to sell it to them. I used to tell them, "Hey, come on, it's not going to hurt you if Judd McKenna says to eat Kraft cheese with Christian Brothers, if you walk in and say to eat Kraft cheese with Petri. Both of you are selling Kraft cheese, but not losing any emphasis on your own product."

I'm saying that whatever the idea is, everybody should follow one idea, and then be competitive on their brand. Say, "This is the reason you drink wine. Now for God's sake have enough brains to drink my wine. Because my wine tastes good, it's the best bargain, and you'll enjoy it more." Right?

Threats to the Future of the Wine Industry

Jacobson: What about the future of the wine industry: does the anti-alcohol movement present a serious threat?

Knowles: I don't like to say it doesn't present a threat. It always does. It's according to what weight you give that as a threat. I think there are a lot of other things that present a threat. One of the things is this land proposition, and the fact that the cost of the grapes can wind up being so high in certain places like this that you're going to have a very limited market out there.

I think one of the worst things of all is our mediocrity and the fact that we can't seem to control our life, whether it be with drugs or brains or human relations. We just don't seem to be able to control ourselves. I think that could have an effect on our whole life. I just think we're in the middle of the worst mediocrity I've ever seen in my seventy years. Not many people really care. I think there is a very definite lack of gutsy management. By management I don't mean management of ideas, I mean management saying, "Now, here's your job, here's what you're supposed to do. Now you go and do it--a, b, c, and d." And then at the end of the day you say to the guy, "Okay, tell me about a, b, c, and d." You follow up. That's what we don't have in management.

People ask, "How do you run Beaulieu?" I say, "You get up every morning at five o'clock and start all over again. You just work at it, that's all. You work at it, and you pay attention to detail." I say, "You get the best people you can get," and you do. But what you really do is manage them and you tell them what they're supposed to do, and then you follow up and see whether they've done it.

I don't mean any Army standards by that, at all. I'm just saying that you are doing them a disservice if you don't follow up on them. Because they may think they're doing what you wanted them to do. What you're really trying to do is either get them to do what they're supposed to do better, or get them to do something which will get the whole job done better. That's management, and I think it works no matter what--whether you're cooking or anything else.

Retirement and Future Plans

Jacobson: When you retired as chairman of the board in '88--

Knowles: As chairman; there was no board. That was the last day of '88. I retired as president the last day in '83, and I agreed to stay three years, which was '84, '85, and '86. When the three years were up we agreed I would stay two more years. They piddled around with me a little bit, and I figured I'd had enough of that. I had, too. I worked hard all my life. Also, I'm a little disenchanted. I really am. I think it's a lot of baloney--too much baloney. The fun that was in the wine business is no longer there. We had real fun. Really great.

I was in New York recently, and a fellow said, "I bet you had a lot of fun." I said, "Doing what?" He said, "Don't you go in your pickup truck and go up to the Oakville Grocery and put your wine in a brown bag with all the other winemakers and taste it?" I said, "Hell, no! I drive Cadillacs, I don't go to the Oakville Grocery, and I don't put my wine in brown bags." You know, this really gets to be something. Really, what cuckoos.

I've really been lucky--blessed, they say--to have had two great careers. The third one, by the way, I'm really dragging my feet on. I'm just so thrilled having freedom, I don't know what to do. I really am.

Jacobson: What are your plans?

Knowles: I just had a meeting with a promoter--he's got Kissinger, he's got Mario Cuomo, he's got Caspar Weinberger, and all those people that make speeches. Now, we know I'm not going to be of that ilk. They're about \$15,000 people, and I'm about a \$2,000 guy. But I don't even want that. I want to talk about "Wine and All That Jazz." I'm going to talk as I'm talking to you, on an organized basis, and tell the people, "Here's an example, listen to this; this is Benny Goodman. Listen to this; this is Tommy--" Just say, "Probably you'd like to listen to both of them. Is one better than the other? Who's to say one is better than the other? The same with the wine." You know, talk like that.

Everybody says, "I don't know anything about wine." I want people to raise their hands, "Is there anybody here who hasn't been through the experience where they go to a

restaurant and the waiter or waitress pours the wine to one person first? Is there anybody here who hasn't been through that?" Everybody's been through it. I say, "You know why?" They all say different things--"to judge the wines." What they do today is say, "This is a chance to be a snob."

But the real reason is that in the old days the king used to poison his enemies that way. He used to say, "Have a glass of wine, Charlie," and Charlie takes the wine and drops dead. Then they said, "Don't go to King Lancelot's house; he'll poison you--make him drink it first." So that's what I would tell them--things like that.

But I don't want to go anywhere. We're going to go to England, and I'm going to Italy. No strings. Just on my own.

Jacobson: Well, you deserve your--

Knowles: I think so. What's surprising to me--everybody says, "Oh, what a cuckoo." My brother says, "With your ego, do you have the slightest idea you cannot be telling people what to do?" I said, "You'd be surprised, Bobby." Anyway, I am surprised--not with that part of it, but I really don't need to be occupied every minute. I really don't! How do you like that?

Transcriber and Final Typist: Judy Smith

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20 March 1989

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WINV INTERVIEW:**Lekh F. Knowles, Jr.: Industry Must Get Back to Basics**

NOTE: Recent issues of WINV have contained installments in a series, "The Wine Industry in Crisis," which, as the title suggests, offers a rather glum view of the immediate prospects for most vintners. Almost needless to say, not everyone shares that view, either with respect to individual operations or the industry in general.

Running apace of our series are interviews with major figures in the industry, some of whom agree with us and others who do not. This issue's interviewee is Lekh F. Knowles, Jr., the former Glenn Miller trumpet-player who went on to become chairman and CEO of Beaulieu Vineyard, a post from which he retired at the end of last year.

Future interviews in this series will appear at irregular intervals.

* * *

WINV: What do you see as the future of the American wine industry over the next 5 years and over the next 20 years?

LFK: I don't think there'll be a great many changes over the next 5 years. I think we'll see a basically flat situation, as we have over the past several years. As for the next 20, I think that will depend on whether the industry gets back to the basics or whether vintners continue to be too cute, as I think they are now. I really do think that the industry has departed from the basics, and that's part of the reason business isn't better right now.

WINV: Would you be more specific about what you mean by basics?

LFK: Yes. This may seem kind of cornball, but, number one, you have to make friends with the consumer. What many in the industry are doing now is making friends with a very small group of consumers and ignoring the others, as well as ignoring the much larger number of people out there who rarely or never drink wine. There's this tendency in the industry to preach to the already-converted, to aim at the 1,000 or so people in the country who have large wine cellars, and to disregard everyone else--making wine seem so complicated that other people don't want to get anywhere near it.

Now, don't get me wrong: I'm all for selling to the guys with the big cellars, the passionate wine collectors, and I'll bet that you'll find Beaulieu in a whole lot of those cellars--maybe more Beaulieu than any other California wine. A year before I retired, I held a luncheon at the winery for some collectors, and the guest-list read like a *Who's Who*--people with thousands of cases in their collections. Any one of them could have opened his own restaurant just from his private stock. So I don't mean to imply that

vintners should ignore collectors. It's just that they're not the only game in town. We have to work on the guy who doesn't have a collection.

Some people in the industry are doing that right now. It's those guys with the "fighting" varietals. They're making friends with consumers, they're telling them what they have, they're telling them why they should want it, and they have a price that makes it a good value. Those are the basics that I'm talking about.

And the other people just, you know, talk to each other and see who can outprice the next guy. We've overpriced the wines so much that the land got overpriced. Then, the land overprices the grapes, and the price of the grapes manifests itself in a higher price for the next bottle of wine.

It's a vicious circle. And then the bottle reaches a restaurant, and the markups that some of these guys take are just ridiculous. I'm told of people who can afford \$90 or \$100 for a bottle of wine with dinner, but I don't know who they are.

WINV: What level of price would you consider excessive off-premise? \$10 a bottle? \$30 a bottle? \$50 a bottle?

LFK: Well, \$30 is pretty high, and \$50 is very high. I'm not saying no wine is ever worth it. You take someone, for example, who makes a trockenbeerenauslese, picking the little raisinated berries one at a time, then putting them into a lug, then dumping them into the press and giving them maximum pressure and praying that you'll get a drop or two of juice. Obviously, the cost of making the wine is very, very high, and you've either got to have a high bottle-price or you just can't make the wine.

But if we're talking about wine as a business, that's not the kind of wine you make, except maybe to set a certain prestigious tone that will benefit the rest of the wines in your line. You don't make a trockenbeerenauslese to make money. Money comes from volume, and anyone who thinks he's going to sell a \$30 bottle or a \$50 bottle in volume is deluding himself.

Mercedes is a hot automobile, and they get \$55,000 for one, and when they raise the price, they keep production right where it is. They'll sell 80,000 cars, and that's it. Now, you take Oldsmobile. They'll sell 11 million cars. Now tell me which operation is going to make more money.

And then there's Cadillac. A few years ago, they decided they were going to have it both ways. They maintained their regular line, but they introduced the Allanté, positioned against Mercedes. They figured, "We won't delude ourselves, we'll only sell 6,000 cars, not 80,000, but, what the hell, let's give it a shot." And they came to market and sold fewer than 3,000 cars. What they didn't take into account was that the Allanté didn't have the decades of history as an ultraluxury car that Mercedes has.

And the same sort of thing has been happening in the wine business. A guy buys a few acres at \$40,000 apiece, he figures he has to get \$30 a bottle, and he doesn't sell nearly what he expected to. Furthermore, most of what he sells is going into a wholesaler's inventory or a restaurant's inventory or maybe a collector's cellar, but not many people are *drinking* these wines. And eventually the pipeline is full and the guy can't give the product away.

What's overpriced? I'll tell you what's overpriced. I go into a store and I see a Chardonnay for \$16 and I see another one for \$30, and the only difference is one guy's got them in wooden boxes. So his only additional cost is a wooden box. I just *know* that. He can't be doing anything to the wine that the \$16 guy isn't doing. In fact, the fruit is probably very similar, the microclimate identical, the cropping the same--they're probably getting 2 to 3 tons an acre. Even the clone probably is the same. So what the hell is the difference? That box and the guy's head who says, "My wine is worth \$30." Okay, worth it to whom? Not to me, it isn't.

When I used to do radio commercials for Beaulieu, I had one where I said, "If you really think the best wine is the most expensive, let me know and I'll charge you a little more for it."

As for the consumer--even the consumer of the highest-priced wines--well, maybe you can intimidate him and fool him for awhile, but eventually he's going to catch on. He's going to taste 2 wines that are priced \$10 or \$15 apart, and he's going to say to himself, "Wait a minute! This one isn't \$10 better." And from that point on he just won't spend the money.

And that's only half the story, because the ultimate test is what's in the bottle. An overpriced wine can be a wine that should be \$3 and the guys get \$6 for it. We're talking *value*, and we're also taking affordability. No matter how good a wine is, if people can't afford it, they can't afford it. It's as simple as that.

I have this picture in my mind of a typical American husband and wife, they have 2 children, one 16, one 18, and they're doing their best to live the good life. And one night the father calls a family meeting and says, "I just discovered a wonderful new product, something we're going to use regularly each and every day. This product contains 13 minerals that are essential to maintain life, it's mentioned in the bible 165 times, it's nature's own tranquilizer, it makes good food taste better: it's called 'wine.' It's wonderful, and from now on we're going to have a glass apiece with every meal. Now, the only problem is, where are we going to get the \$800 a month to buy this wine?"

Sometimes some of us in the wine business get off into fantasyland. We forget that 90 percent or more of American families couldn't *dream* of spending \$10 a day on wine, let alone \$30 or \$50. Now, I myself am not exactly destitute, and I've been known to blow a few dollars here and there, but it's hard for me to go in to a restaurant and buy one of my former products, such as Georges de Latour Private Reserve, at the prices they charge for it. There are so many restaurants today that wish to be snooty, I guess, or feel that old vintages are the only ones you should drink. They put only the old vintages on their wine list. So the price is \$100, \$120, \$150, all the way up to \$500. Well, it's great to have these wonderful and rare wines available to people who want to spend that kind of money, but what about the guy with a smaller budget? There should be something for him, too: a younger Georges de Latour, or a Rutherford, or a Beau Tour.

I was in hotel recently, and I got in late, and I didn't want to go downstairs to eat. And when I called in my order for room service, they knew who I was, and they said, "Mr. Knowles, aren't you going to have any wine?" And I said, "No, because I only drink our own wine, and the only wine you have of ours is \$90 a bottle." And they said, "You're not going to drink it?" And I said, "Of course not! Who in his right mind would pay \$90 for room-service wine?" Yet they had that on the room service list. You can bet they didn't move very many bottles of it.

WINV: Let's go into the lower price-ranges now. We all have seen the action in fighting varietals. A step or two above in price is what I think of as the high end--not the stratosphere, but the sort of price that would discourage the typical wage-earner from buying a bottle a day. I'm talking now about wines priced \$10 to \$12. That's Beaulieu's neighborhood, and there seems to be quite a bit of action there these days.

LFK: There certainly is. You publish the numbers in your annual reports: 450,000 cases a year, as compared to, say, Cakebread, who sells 60,000 cases a year. I think pricing explains almost everything.

WINV: What is the average retail price of Beaulieu's 450,000 cases?

LFK: You hit it right on the head a few sentences ago: 10 bucks. The range is \$8 to \$12. The Rutherford Cabernet Sauvignon is a very big seller at \$10. Georges de Latour is in very limited supply; it's between \$25 and \$30 for the current vintage. The Carneros wines are \$12. And then there's Beau Tour Cabernet at about \$6.

It's an interesting thing to me: back when I was training salesmen, I'd take a new guy down to Safeway, and we'd watch the people buy meat. And Safeway sold a lot more sirloin than filet mignon. And a \$10 wine is like sirloin. Too many wines in our industry are like filet mignon. They're really great for a special occasion, but anyone who thinks he's going to make wine a common mealtime beverage at those prices is nuts.

Hicks Waldron, when he was president of Heublein, once asked me why I was so bashful with the pricing of Beaulieu. And I said, "I'm not bashful. We're making a lot of

money. We're doing fine without gouging the consumer." And he said, "Maybe we'll do better if we raise the price just a notch or two." And my answer was that I thought we had the perfect price-points right where we were.

Then I asked him if he had ever heard of Chateau Lafite. And he said, "Of course." And we agreed that it had been one of the most prestigious wines in the world for more than a century. And then I asked him why they didn't sell it at \$145 a bottle, as opposed to the \$45 a bottle that they then were charging. And the answer was that they knew it wouldn't sell at \$145 a bottle.

People lose sight of this sort of thing. Chateau Lafite sells--what?--23,000 cases a year, 25,000 cases? And, hey, man, they were given the *premier cru* credential in 1855. This ain't no new kid on the block. Lafite, Margaux, Haut Brion, Latour, Mouton--those names are on the lips of every wholesaler, retailer, and wine aficionado in the world. And let's not forget that these wines have worldwide distribution with their 25,000 cases apiece. So the price is not in response to scarcity. You can buy Lafite all over the country, and in Hong Kong and Japan and Rio and Scandanavia. The price at any given time is exactly what they think they can get and still move those 25,000 cases. And if they tripled the price, Rothschild would have to drink most of it himself.

By the way, even though the price-points may be perfect from a marketing point of view, I'm sure Lafite isn't making much money. The winery has been a hobby for the Rothschild family, an esthetic pleasure, like having a fine art-collection. Elie de Rothschild, who ran the company for a long time, lived in Paris, and on an occasional weekend he'd indulge himself in the hobby of winemaking.

WINV: I daresay he has some counterparts up in your neck of the woods.

LFK: Oh, yes. The Napa Valley is filled with hobbyists. If a guy doesn't have to make a return on his investment, which a lot of guys don't, they can have a wonderful life as vintners. But it's a hobby. I would say that out of 200 winemakers up there, maybe more, I would say that--boy, I'm going to be unpopular after this interview appears--I would say that, at most, 40 to 50 of them are valid wine merchants. The rest of them, what do they care?

WINV: So they are buying lifestyle?

LFK: Yes, they are. Now, Georges de Latour and old Louis Martini never bought lifestyle. Those guys had to make money. And they had a hard time making it. Contrast them to Charlie Beringer, who would book a whole pullman car and everybody would go on a party to Dallas from some restaurant in San Francisco. He was wealthy from another business, and the winery was his way of having a good time. He was one of the California wine industry's first big spenders.

WINV: Getting back to price-points, we've agreed that the fighting varietals are in good shape and that there's a lot of action in the \$8 to \$12 range.

LFK: Not as much as in the fighting varietals, but, yes, a good amount..

WINV: So the people who are taking punishment are the jugged generics. What are they doing wrong?

LFK: I think the ones who are losing money are making a mistake by focusing so hard on the jugs. I think they'd do a lot better if they went into 750's and 375's, so long as they kept the price down. Large bottles are unwieldy. I think the 750's are wonderful, but not everyone wants to drink that much wine at one time, and saving the bottle is a hassle. I think the industry is making a big mistake by not bottling more 375's. Alright, the glass would cost a little more per ounce of wine, but not *that* much more. [Heublein prez] Bob Furek has been talking about that for a very long time--having a 375 of white, then having a 375 of red in a meal. One goes with the first course and the other with the second. A restaurateur is crazy not to do this. And off-salers ought to push them, too--even more so. The customer can have a whole wine tasting for 15 or 20 bucks. So my advice is, if you're a vintner trying to attract the newcomer to wine, stay low-key on the jugs and focus on smaller sizes.

WINV: What factors other than the size of the container do you see as creating problems for low-end producers?

LFK: Well, there are a great many factors, and they create problems for the high-end guys, too. It's a question of the little things. If enough little things go wrong, you've got a big problem. For example, in baseball there's relatively little difference between the 250 hitter and the 300 hitter. If you were a manager, you certainly wouldn't throw the 250 hitter off your team. Yet, he gets only 5 hits for the other guy's 6. Little differences make a big difference.

Now, in wine, take a guy who raises the price. A Cabernet drinker who's used to paying \$8 a bottle buys 10 bottles a year. Then he goes into the store, and the price has been raised to \$10. So does he now cut back to 8 bottles a year? If so, the Cabernet business has lost 20 percent. Does he continue to drink 10 bottles a year, but of someone else's Cabernet? Then the first producer has lost 100 percent of this guy's business. Does he try Pinot Noir and start buying it half the time? Well, you get my point.

But a lot of people in the wine industry don't realize the significance of all this nicking and picking away at the market. A salesman alienates a restaurateur, who stops carrying the producer's line. How many bottles have you lost in a year? Multiply that by a few more salesmen. A whole bunch of little things like that can devastate a business.

That's my whole point about getting back to basics. I believe in management. And management, for me, is assigning someone a specific job and following up to see whether it gets done. People for sure can't drink your wine if they can't find it, no matter how much money they have. So you'd darned well better get that wine distributed.

I remember someone once making the statement that the name of the game is the on-premise business. Wrong! That's only part of the game. Unless you're an absolutely tiny operation, you've got to have both the on-premise *and* the off-premise business.

WINV: In fact, when we interviewed Don Sebastiani a short while ago, he made that same point, and he said that he greatly admired your ability to keep both sides going at once. Normally, if a wine is big in the chains, you can't get a restaurant to carry it.

LFK: Well, I'm really proud of what we've done there. But don't give me too much credit for it, because Beaulieu has had wide distribution in the chains only recently. When I came to Beaulieu 27 years ago, we used to sell only Safeway and only in certain stores. I call that "selective" selling. We didn't want the wine available where it wouldn't move. We sold to the stores that served the same people who tried our wine at Ernie's or the St. Francis. These people shopped the Marina or Hillsboro Safeways. By being not so easy to find, we developed some *cachet*, and by carrying the wine, the Marina and Hillsboro Safeways got some of that *cachet*.

Remember, the original intent in selling through restaurants was the mass sampling opportunity that it offered. Otherwise you wouldn't bother, because the orders were small, the accounts needed a lot of attention, and so you really don't make a heck of a lot of profit. But you want the person who discovers your wine in a restaurant to see it at retail and buy it again and again and again. *That's* where you make your money. At the same time, it's dangerous to be *too* available off-premise. Beaulieu didn't go wall-to-wall in the chains until the brand's prestige was well established, and even now you won't see Beaulieu discounting the way some brands do.

What amazes me about restaurants is, well, 2 things. First is how reluctant so many of them used to be and some still are to establish a solid wine program. [Heublein CHMN/CEO] Jack Powers quotes something I said at Cornell University in 1952: "The great thing about selling wine in your restaurant is, you don't have to roast it or toast it, you don't have to grill it, you don't have to marinate it; all you have to do is pull the cork." Unfortunately--and this is the second thing that amazes me--these guys charge a 400 percent markup for pulling that cork. One restaurateur tried to justify that to me by saying, "Well, I have to store it and control the temperature." Hey! Don't you have to do that with carrots and lettuce--not to mention fish or meat? Don't you have to chill Coke and beer? Is that such a costly thing?

And then they wonder why they're not selling more wine. These people kill the market with their overpricing, and their business won't get better until the price gets back to earth. I recommend a markup of 100 percent from the wholesale price. That's a lot better than they do on food. They sit in the back messing around with it, and they still don't make that kind of mark-up. Meanwhile, if I sell \$30 million worth of wine through retailers, I have to extract only 45 million dollars from consumers, but if I sell that much wine on-premise, then I have to extract about \$100 million from the consumer. I make the same amount of money either way, so I'm not all that hot about working the restaurants once a brand is established as a call item and patrons are amazed if it *isn't* on the list, as is the situation with Beaulieu. Don't get me wrong, I don't say *ignore* the restaurants, but at this point it's a maintenance job, not a missionary job, although a new winery would have to play the missionary.

WINV: In your sales talks, you've always emphasized the importance of establishing points of difference between your product and someone else's. Do you think there are too few people in the wine industry who are looking to establish points of difference?

LFK: I'm a points of difference nut, and I'm proud of it. I learned the importance of that back in the '30s and '40s when I was playing trumpet for Glenn Miller, who made a different but thoroughly enjoyable sound. When you listened to Glenn Miller, you didn't think you were listening to Tommy Dorsey or Shep Fields or Duke Ellington; you knew you were listening to Glenn Miller, because he created that distinctive sound.

Unfortunately, too many people in the wine business *and* in the music business--then as well as now--were "me-too" people. You had 15 swing bands that you couldn't tell apart if the leader's name wasn't on the music stands, and you've got 15,000 wines that most consumers can't tell apart because they never tasted them. Why didn't they taste the ones that they didn't taste? Because nobody established a point of difference that prompted the consumer to try the wine.

Of course, a consumer can't taste 15,000 wines. Most consumers can't taste 100 wines. They can't afford them, they don't know which ones to try, and the more they think about the complexities of the situation, the more they want to avoid the whole thing. So they rely on newspaper columns or friends or retailers for recommendations, or they try a wine they've seen advertised or one whose label stands out when they're in a store. And if they like it, they usually stay with it, provided the price is right. I'm not talking about oenophiles now. I'm not talking about the guys who go to three tastings a week and try every wine they can get their hands on. I'm talking about the typical consumer.

Anyway, there's that guy out there, and we all want to sell him wine. So what do most vintners do? They say that they've got terrific grapes. Wonderful, *everybody* has terrific grapes! Did you ever hear a vintner say he makes his wine from lousy grapes? And then they tell you about microclimates, and everybody has microclimates. Then it's stainless steel and oak barrels. And then they put on tastings. Well, hey, how does that make *this* wine stand out from the rest?

I believe the back label is a marvelous selling tool, simple though the idea is. I was so strong on it when I worked at Gallo that I felt you can't *sell* a wine without a back label. I was so strong on the idea when I came to Beaulieu that I wanted to tell people on the front label to read the back label.

Once at Beaulieu, we had a special bottling of 1968 Burgundy and we actually did make the back label the front label. That is, we put all the text from the back label on the larger label that represented the front of the bottle, and we put the logo and other stuff on the smaller label in back.

Now there's a trend in my neck of the woods to not use back labels. The idea is that the back label is *gauche*. These great, snooty, toney, chi-chi customers are supposed to be so hip that they'll be offended if there's a back label recommending foods to serve with the wine or other material of that sort. Now, do you see the arrogance in this on the part of the vintner? He's saying that his wines are so darned good and important that they shouldn't be consumed by the slob that has to be told he might like them with chicken.

You know, we are blessed in this industry to have had Frank Schoonmacher, who started the practice of back labels 45 years ago at Almadén. He worked hard, and he sold such wines as rosé because he knew they were commercial, and he had a back label on every one of those wines. He had that beautiful artwork that depicted foods that go with the wine. And he made a lot of people comfortable about drinking wine who otherwise might have been afraid to try it, and he brought them into the arena where the rest of us could sell to them, too. We owe the man a great debt.

At Beaulieu, my predecessor as president, Aldo Fabbrini, in 1955 introduced the distinctive back label that we still use today, with the red stripe that reports the grape derivation and the surrounding material about how to serve the wine, where the winery is located, and so on. Even today, 44 years after Fabbrini introduced it, this back label continues to serve us well.

Yet, winery after winery in Napa Valley comes out with no back label. Well, if you're really going to interest the consumer and if you are serious about making it an enjoyable thing, don't you have to give him something--some kind of hook?

WINV: You were the pioneer of different bottlings of the same varietal--specifically Cabernet Sauvignon. How did that come about?

LFK: Well, we had an awful lot of vines in Cabernet, and the personalities of the vineyards were different, and one year when there was a short crop Heublein said, "You've got grapes and the other guys don't, so go for it." They might have assumed that all the fruit would go into Private Reserve, on which we made a lot of money. Of course, that wouldn't be realistic: the quality would suffer, and we'd kill the item we'd worked so long and hard to build. So I thought about the situation in France--the *premier, deuxième, troisième crus*. And I said, why not try the same sort of thing in-house? And boy, I want to tell you, the two lower-priced wines did not cannibalize the Private Reserve, which at that time was selling for about \$10 a bottle. There were consumers who wanted a wine for \$5, and we had one of them, and others who wanted to pay only \$4, and we had one of them, too.

At that time, we weren't using the names Rutherford and Beau Tour. We used to call Rutherford our "regular" Cabernet in those days. One day while I was doing some radio commercials, I couldn't stand any longer to say, "and our *regular* cabernet." So I said to Dennis Fife, who at that time was our marketing manager [he's now prez of Inglenook], "Get on the phone and ask them if we can call it something else, like Rutherford." And we did. And boy, what a winner that was! The Rutherford just zipped up there, and at the same time the Beau Tour, which was the name the agency gave us, became a big winner also. I think one reason was because of the similarity of sound between Beau Tour and Georges de Latour.

And the 3 of them are still going great guns today. We sell a lot of Cabernet--I should say, *Beaulieu* sells a lot of Cabernet--it's hard for me not to say *we* anymore, it really is. In any event, I'm very proud of my role in helping develop these wines. Not everything always works out, but this was one that did.

WINV: Just as you've established points of difference among individual items in Beaulieu's line, you also established many points of difference for the winery itself--one of them being your personality, especially as transmitted to the consumer through your radio commercials. I've been with you when strangers heard you speak and introduced themselves because they recognized your voice from on the air. I think it has come to the point where many people, when they think Beaulieu, automatically think Legh Knowles.

LFK: I hope they think Legh Knowles, and I'm sure they also think of some other guys--terrific guys who put their imprint on the winery in a different way. André Tchelistcheff, who was the first to talk about microclimatology and malolactic fermentation--to say nothing of being one heck of a winemaker. And, of course, Georges de Latour himself, who not only built the place but also did things that were quite unusual in his time, such as bringing in cuttings from France. So Beaulieu is a point-of-difference company. Here we are so darned traditional but we *built* the tradition on

And please don't get the idea that I think we're the only ones who establish points of difference. Look at what a point of difference Bob Mondavi established with Fumé Blanc, plus his Great Chefs program, and jazz concerts at the winery, and a whole lot of other things.

And Louis Martini, who made it a point to keep his prices down when other wineries' prices were going through the sky on wines that were no better than his. Even if he never did another thing, consumers would owe him loyalty for that one--and he has a *lot* of loyal consumers. And he's an innovator, too. I think he was the first California vintner to produce a Merlot--either he or Dan Duckhorn. And that's a point of difference. Beaulieu has had Merlot vineyards for more than 60 years, but we just used it for blending or in generics. So Dan and Louis were a little smarter than we were on that one.

And, getting back to Bob Mondavi, let's not forget about Opus One. You have to give both Bob and Philippe de Rothschild credit. Philippe really didn't need Bob Mondavi's connections, and Bob didn't need Philippe's. But they saw an opportunity to establish another point of difference. I don't think they're making any money on the wine, and maybe it never will be profitable, but it's a great calling card.

And let's not forget Ernest Gallo, maybe the original point-of-difference guy. He virtually created the refreshment category. He had a terrific guy working for him, Harry Bleiweiss--"White Port Harry," they used to call him, because that's what he used to sell. And he saw that some consumers were mixing White Port with that General Foods product, Kool-Aid, and shaking it up in the bottle. And he told Ernest, and Ernest said, "Let's save them the trouble." And they made this special flavored wine. And Al Fenderson, who's been right by Ernest's side since 1951, was given about 24 hours to come up with a name. Well, he was in Texas, and he thought he should have a name that connoted power and prestige and was very provocative. And so he said to Ernest, "Let's call it Thunderbird." And I think we sold 8 million cases of that wine in a very short period of time.

WINV: One of the things that comes up very early when one is talking to your Napa Valley neighbors about you is the way you managed over the years with Heublein to keep the brand intact. There is, after all, no Beaulieu Navalle.

LFK: Well, Navalle was a good idea--6-and-a-half million cases good! It was the idea of Larry Solari [then prez of Inglenook corporate parent United Vintners]. And using the Inglenook name for this low-end line was a terrific point of difference, even though it tarnished the name of Inglenook Napa. I think, by the way, that Dennis Fife deserves tremendous credit for turning that problem around and bringing Inglenook Napa back to its original glory. In any event, they built a heck of a brand with Navalle, and they still have it, even though the name, Inglenook, is disappearing from the label.

As for keeping Beaulieu intact, well, let me put it this way: I've done a couple of things I've been proud of in my life, and one of them was selling Taylor wines to the "21" Club in New York back in 1953, which was no small feat, and the other was when Mr. John G. Martin [founder of Heublein] came to me one time and said, "Legh, what are you doing these days?" And I answered, "Mr. Martin, in every waking moment. I am guarding the assets of what I think is one of your most valuable companies, Beaulieu Vineyard." And he said, "Legh, you continue to protect them, and you can do whatever you want." And I said, "I'm not popular, but that's exactly what I'm doing. You asked me the question, and I answered it. Is it right for Heublein?--*not* is it right for Beaulieu! And if we had a cousin or brother across the street who was in the market for 6 and a half million cases, why should we compete with him? Does Beaulieu give Heublein an entry that you otherwise wouldn't have? If so, it's because of its reputation, and that's something we shouldn't risk changing."

By the way, I don't claim full responsibility for Heublein's buying us, but boy, I'll bet you I don't know anybody who's *more* responsible. We had 50 offers to sell, and I started talking to John G. Martin in 1966 for Heublein to be our basic selling organization, and the reason I did was because they were so ethical and so rich in marketing concepts. You know, John G. Martin's first job as a liquor salesman found him

having to sell vodka, which at that time was unknown in the United States. And he took what people would regard as its weaknesses at that time--no color, no flavor, no smell, no reputation--and he turned them into assets. He sold vodka as something you could drink and not have to worry about smelling of whiskey. They had this marketing concept that was encapsulated in the slogan, "Smirnoff--It Leaves You Breathless." What a wonderful *double entendre*, and what a wonderful way to get your point across without specifically addressing a negative. Man, talk about points of difference! Smirnoff became the largest-selling brand of alcoholic beverage in the world.

The ad agency's name was Gumbiner/North. I know, because I was in New York for Taylor at the time, and boy, this thing was really catching on. The reason I knew a lot about this was because Taylor had a lawyer named Frank Ludwig, who also was Heublein's lawyer. He and John G. Martin and that crowd were really wild guys. It was John G. Martin who introduced Jane Russell to Howard Hughes.

John G. Martin was an incredible gent and an incredible salesman. Once he came to California, and he had a friend who had a warehouse full of ginger beer that he couldn't sell and another friend who was loaded down with copper mugs. Now at this time, the Polaroid camera had just come out, and John G. Martin bought one, and he and his friends would go to bar after bar and store after store and show buyers the copper mug and the ginger beer and ask the guy if they could take an instant picture of him while he poured vodka into the mug of ginger beer. Well, I don't have to tell you that when these guys saw the instant picture, they wanted to tape it to the mirror or put it in a frame and dazzle all their friends with this latest wonder of high technology. Now *that's* what I call salesmanship.

Meanwhile, back in the wine industry, we have too many people who don't *want* to sell. They're too cute. They think selling is beneath them. They're looking for magic formulas that will sell the wines for them and leave them free to talk about pH and prismatic luminescence and all that jazz.

WINV: As smooth as your relationship was with John G. Martin, it's said you've had some stormy times at Heublein,

LFK: No question about it. [Heublein EVP] Chris Cariuolo once said to me in the Brown Derby in Beverly Hills, "Legh, your days are numbered. You're a great salesman, but you cannot click with these people. They just don't like the way you think. You're not volumish enough for them, and you're not innovative enough, and you're not enough of a politician." But I hung in. They discouraged me considerably--especially financially--but I hung in anyway. And I'm not sorry I did, because these were wonderful years for me, and it wouldn't have been the same if I went from winery to winery. Also, let me add that I can understand their viewpoint, too. They had paid a lot of dollars for the company--not an awful lot, in retrospect, but it seemed so at the time--and they had such success with Inglenook Navalle. They wanted to make 2 Inglenooks. I thought that was wrong.

WINV: But wasn't that one of your selling points? They *couldn't* create a second Inglenook without hurting the first. And return on investment at Beaulieu was very high.

LFK: I made those points, but this is one of the problems with corporations. Beaulieu reported into the Smirnoff division at that time. Smirnoff didn't have Inglenook. Smirnoff wanted Beaulieu to be its Inglenook. Smirnoff wasn't thinking Heublein; Smirnoff was thinking Smirnoff. They tried to get me to push faster and harder. They'd say, "Don't give me that allocation thing, Legh. We know there are grapes out there." I told them that they didn't realize how much money they were making. All our figures were molded into one big lump sum at Smirnoff; there was no break-out. The United Vintners figures all went into another division, which included some partnerships with growers. So nobody really knew what Inglenook's return on investment was, and nobody knew Beaulieu's--until Jack Powers came along and separated the numbers. I remember being at a meeting when [Heublein CHMN/CEO] Stuart Watson said, "What are these figures? You mean to tell me that little Beaulieu makes that kind of money?" And never was I so proud in all my life, because that was the first time Beaulieu profits were

separated. I'd say that, among wineries, we ranked fourth or fifth in the nation for profit.

A very important factor in all of this is that Beaulieu got in early and so did Heublein--for example, with the Carneros land, one of the first things I was involved with. Now, I wasn't the originator of this. André was and the family of Georges de Latour's daughter, Madame des Pins. We paid \$650 an acre for Carneros Vineyards. You know, they sell for \$40,000 today. And that Rutherford Bench that suddenly has become fashionable--that land was less than a hundred bucks an acre when we bought it.

WINV: Somebody told a story about you and Heublein that may be apocryphal. Supposedly at one point you were under pressure to produce a larger size bottle of a wine called "Chablis." Our sources say that you fought the thing vigorously, and the people at Heublein said you have to do it anyway, whereupon you actually sabotaged the product to ensure its failure. In other words, you got a wine that was flawless hygienically but of lesser quality that you knew wouldn't sell. Then you were able to say, "I told you so."

LFK: Well, it's a good story, but it isn't true. What I did was exactly the opposite. I got our technical director, Dmitri Tchelistcheff, André's son, and put him personally on the project, and told him to make the best wine he possibly could under the circumstances. And he made a wonderful wine. But we didn't make a lot of money on it. Our costs were so high that we made very little money. To make money, we would have had to use cheaper grapes or charge a dollar or two more per bottle, and that would go against the whole concept. Then we did some research with consumers, and we concluded that there was a little erosion of Beaulieu image--not too much, but some. So then I went to Heublein with the figures on profits. We sold 250,000 cases the first year, and that certainly represents a successful launch. But what we were doing was preoccupying our abilities and minds with a product that wasn't giving us much profit and was eroding our image when we could have been concentrating on Cabernet, for example. This meeting was in a country club in Avon, Connecticut. And when I spelled out the situation, Heublein accepted my recommendation to discontinue the product.

You know that I'm not the kind of guy that would sabotage a product or an endeavor just because I disagree with it. I'm a competitor, of course, but I'm also a team player.

WINV: When you look around the industry today, what do you see people doing that you think is really brilliant?

LFK: Well, I think Joseph Phelps is doing terrific work--continued high quality, reasonable prices, good positioning. Dick Arrowood with his late-harvest wines--he virtually put the category on the map. I still think the greatest example is Bob Mondavi's development of Fumé Blanc. Remember, when that wine came out, he was getting \$15 a bottle for it. Today it's about \$7.50, and he's still making a lot of money on it. He played the price-points brilliantly all the way down as the volume concurrently went up.

WINV: Who's making the big mistakes today?

LFK: Well, nobody really. If you're buying lifestyle, you may not be making money, but I don't call that a mistake if it's what you want.

WINV: Well, how about the people who supposedly are in wine as a business--especially some of the big Central Valley guys. They're losing share of market, they're losing money, a couple of them have gone bankrupt, I.S.C. has gone through a whole lot of turmoil and shows no sign of being ready to turn around. Where did these guys drop the ball? Where did they go wrong?

LFK: The first thing they *didn't* do is look at what kind of business they were in and what kind of competitor they had--and what his share of the market was and whether he had a greater potential to get a greater share of the market. When I started at Gallo, we and UV had the same share of the market--16 or 17 percent each. And then Ernest got things rolling and his share rose to 20 percent, then 25 percent, and up and up. And at this time, the wine business was *not* exploding--that came later.

When the boom years came, everybody got a good ride. But now the business is static or eroding, and these guys in the Central Valley never equipped themselves to fight

for share of a static or declining market. Gallo has taken off their heads. It's just a question of being outclassed, like a high school football team going up against the '49ers.

You know, Ernest had the first option to buy UV, long before Heublein bought it. He didn't buy it. He told me, "Legh, I just couldn't see how that could work. They're spread all over the state, they're trying to do a hundred things at once: I can do better staying in Modesto and growing internally." Now, there's no question that he's a pretty smart man, that dude. If he doesn't think it can work, then I'm going to bet on him. It might work for someone else with some financial topspin and fancy tax deductions or because growers in a co-op are desperate to get rid of their grapes, but ever since the Gallo juggernaut got rolling, I.S.C. and the other big Central Valley guys had to be content with scraps from Ernest's table. It wasn't that they made big mistakes or even a whole lot of little ones. It's just that they were outclassed.

By the way, I was up at the old Colony winery at Asti the other day, and it broke my heart. There was one truck there, and that was it. Here we have what used to be the biggest visitors' center in the wine industry. They did the job early, and they did it well--attracted people to wine, let people taste wine. They even had their wines on "the only way to fly"--Western Airlines. They had this incredibly valuable mass sampling opportunity, and they used it wisely. They had all of this going, and the wine tasted great, and that visitors' center was packed--boy, you couldn't even move around in there. And now, nothing; one truck. It just broke my heart. Just down the way at Pat Paulsen's little winery there were more people--even more trucks--than here at this once-great Asti facility of what used to be one of America's leading wineries, along with Roma and Gallo.

WINV: Suppose someone were to ask you to start a wine operation. You figured that this would be an interesting challenge for you, and the guy placed adequate resources at your disposal, and he said, "Start from scratch, start from wherever you want, buy something, start a new operation, do whatever you think is best." Who would be some of the people you would want on your team--assuming their availability?

LFK: Well, I think the first guy I would get would be Dmitri Tchelistcheff. I think he's one of the greatest, and he always knows exactly what he's doing. In p.r., I'd want a fellow named Sam Spear, who is not in wine at present; he's in the racehorse business. In sales, I've always liked Marcus Friedlin, who used to be with Almaden and now is with New York Seltzer, and also Bob Chiaccio, Bill Cascio, and Dennis Pasquini. They're all great salesmen. Dennis has sold more B.V. wines than anyone else except me. He's one charismatic and terrific man. And then there's a marketing man named Jeffrey Fox. He's one of the biggest point-of-difference people I ever met. He now has a consulting firm in Hartford, Connecticut, and he's also a really great athlete. There are a lot of others I'd tell you about if I had a few minutes; I'm probably overlooking some terrific people whom I'll remember just as soon as I leave.

A major factor, of course, is how big the operation would be. I was approached once by someone who said, "Legh, I'll give you \$75 million dollars and one-third of the action. Put me in the wine business." Obviously, he didn't want me to build something. He wanted me to buy something. Now, with an operation of that size, you could really do business.

WINV: Is that what you would do if it were your own 75 mil? Would you buy rather than build?

LFK: Today? I'd have to. I'm 70 years old.

WINV: Pretend you're 40, and you have a magic wand.

LFK: I know what I would do. I would go with what I think I know best, and that's Cabernet. I would have various personalities of Cabernet being produced all over--Washington, Oregon, Mendocino, Tepusquet, Rutherford. I would be the Cabernet king of the world--or at least of the United States.

WINV: What would be your goal in cases?

LFK: Probably a million.

WINV: What would be the price range?

LFK: From three dollars to three hundred. Operating on this scale, I'd cover the full spectrum. Remember, you gave me a magic wand. I'd also have a winery in Carneros that would make a Burgundian-style Pinot Noir.

WINV: But all red wines?

LFK: I wouldn't have any problems with Chardonnay. I could also have some of that late-harvest wine from Chateau St. Jean. And--who knows?--if that magic wand of yours is still working, maybe I'd try something in upstate New York, my old stomping grounds at Taylor.

You know, this business can really fool you. I was in Branchville, Connecticut, making a call for Taylor in 1953 at one of those new, snooty restaurants. And they said, "We're really glad you came in here, because we've had one of the greatest writers in the world come in. She wanted one of your wines, and we couldn't give it to her. She said that if she could get this wine for this party of hers, she'd hold the party at our restaurant. She said that she'd been all over the world, and there was only one true Burgundy--Taylor New York State Burgundy."

The famous writer turned out to be Faith Baldwin. Isn't that something? I thought she was going to say Romanée Conti, and she said Taylor New York State Burgundy. That goes to show you that you never know what's going to excite your customer, and you never know where you're going to strike gold. That's why I've always impressed upon my people the importance of making repeat calls. Something like 80 percent of all sales in the United States are made to accounts that previously said no.

WINV: Inasmuch as you're not going to start your own winery--or at least I don't think you're going to start your own winery)--are you going to keep active in the wine business in some way, or are you going to cut off completely?

LFK: Well, I'm developing a program called *Wine and All That Jazz* that I'm going to offer at sales conferences outside the wine industry and maybe also at universities, because I believe that both wine and music are tremendous sources of enjoyment. I'll get up and talk about Glenn Miller and how great he was and all the experiences we had, and then I'll tie it in with a wine-tasting. Beyond that, I might do some consulting work in wine.

You know, I roam around the Napa Valley, and I see these opportunities. I see people who are doing a lot of things right but somehow aren't quite making things happen the way they'd like to. I think I have answers for some of them--not all of them, but some. I'd sit them down and start with the basics, ask what they are trying to do. What are they trying to sell? How much money do they have to make? I wouldn't want a full-time job--that's why I got out at Beaulieu. But to have two or three vintners as clients and put them into the basics and get their business on track--I could do that standing on my head. I would really like to work with two or three good people, maybe two from California and one from Europe, or vice-versa. I'll tell you this: I know that I'm not going to be satisfied with just the fact that I played Carnegie Hall or the Paramount Theater or played on *In the Mood*, *Tuxedo Junction*, and *Pennsylvania 6500*. That nostalgia thing is not enough for me. If I get sick enough, it will be enough. But as long as I stay healthy, I want to stay active.

WINV: Well, André Tchelistcheff continued consulting for many years after your present age and still is at it. Let's hope that 20 years from now, we can have another of these chats and talk about how it went over the next 20 years.

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